

Village of Itasca, Illinois

Annual Financial Report

For the fiscal year ended April 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
Table of Contents	i-ii
Introductory Section	
Principal Officials	iii
Financial Section	
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 8
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10 - 11
Fund Financial Statements	
Balance Sheet - Governmental Funds	12
Statement of Revenues, Expenditures, and Changes in	
Fund Balances - Governmental Funds	13 - 14
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Position - Proprietary Fund - Water and Sewer	16
Statement of Revenues, Expenses, and Changes in	
Net Position - Proprietary Fund - Water and Sewer	17
Statement of Cash Flows - Proprietary Fund - Water and Sewer	18 - 19
Statement of Plan Net Position - Fiduciary Fund - Police Pension	20
Statement of Changes in Plan Net Position - Fiduciary Fund - Police Pension	21
Index for the Notes to the Financial Statements	22 - 23
Notes to the Financial Statements	24 - 49
Required Supplementary Information (Unaudited)	
Schedule of Funding Progress - Illinois Municipal Retirement Fund	50
Schedule of Employer Contributions - Illinois Municipal Retirement Fund	51
Schedule of Funding Progress - Police Pension Fund	52
Schedule of Employer Contributions - Police Pension Fund	53
Schedule of Funding Progress - Other Postemployment Benefit Plan	54
Schedule of Employer Contributions - Other Postemployment Benefit Plan	55
Schedule of Revenues, Expenditures, and Changes in	
Fund Balances - Budget and Actual - General Fund	56
Notes to the Required Supplementary Information	57
Supplemental Information	
Schedule of Expenditures - Budget and Actual	
General Fund	58 - 65

TABLE OF CONTENTS (Continued)

	<u>Page</u>
Supplemental Information (Continued)	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Obligation 2008 Fund	66
Nonmajor Governmental Funds	
Combining Balance Sheet	67 - 68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	69 - 70
Special Revenue Funds	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Motor Fuel Tax Fund	71
Hotel Tax Fund	72
Debt Service Funds	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Spring Lake Special Service Area	73
Proprietary Fund	
Water and Sewer Fund	
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual	74
Schedule of Operating Expenses - Budget and Actual	75 - 76
Supplemental Data (Unaudited)	
Long-Term Debt Requirements	
General Obligation Bonds, Series 2008B - Village Portion	77
General Obligation Refunding, Series 2010	78
Special Service Area Bonds, Series 2006	79
General Obligation Certificates, Series 2009A	80
Special Service Area Bonds, Series 2014	81
Schedule of Insurance in Force	82
Schedule of Assessed Valuations, Tax Rates, and Tax Extensions	83
Legal Debt Margin	84

INTRODUCTORY SECTION

Village of Itasca, Illinois

PRINCIPAL OFFICIALS

April 30, 2014

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, Illinois 60563

630.566.8400 // www.sikich.com

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Itasca, Illinois (the Village), as of and for the year ended April 30, 2014, and the related notes to the financial statements which collectively comprise the Village's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Itasca, Illinois, as of April 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements as a whole. The introductory section, supplemental information, and supplemental data are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section and the supplemental data have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Naperville, Illinois
October 24, 2014

VILLAGE OF ITASCA
MANAGEMENT'S
DISCUSSION AND ANALYSIS

April 30, 2014

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

REPORTING THE VILLAGE AS A WHOLE

Government-wide Financial Statements

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

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

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

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

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

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

REPORTING THE VILLAGE'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

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

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

Notes to the financial statements

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

Other information

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

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

The Village's total primary government net position decreased \$571,676 as shown on page 12 of the report.

STATEMENT OF NET POSITION (IN MILLIONS)

	Governmental Activities		Business Type Activities		Total Primary Government	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current & Other						
Assets	23.5	16.0	3.3	6.2	26.8	20.9
Capital Assets	90.5	92.9	48.0	48.2	138.5	144.3
Total Assets	<u>114.0</u>	<u>108.9</u>	<u>51.3</u>	<u>54.4</u>	<u>165.3</u>	<u>165.2</u>
Current						
Liabilities	4.5	4.1	1.1	1.4	5.6	6.6
Non-Current						
Liabilities	<u>15.3</u>	<u>14.1</u>	<u>38.4</u>	<u>39.9</u>	<u>53.7</u>	<u>51.5</u>
Total						
Liabilities	19.8	18.2	39.5	41.3	59.3	58.1
Net Assets						
Investment in						
Capital						
Assets net of						
related debt	79.5	82.5	9.8	11.8	89.3	96.7
Restricted	4.2	3.6	-	-	4.2	3.0
Unrestricted	<u>10.5</u>	<u>7.3</u>	<u>2.0</u>	<u>1.3</u>	<u>12.5</u>	<u>7.4</u>
Total Net						
Position	94.2	93.4	11.8	13.1	106.0	107.1

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

STATEMENT OF ACTIVITIES (IN MILLIONS)

	Governmental Activities		Business type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenue:						
Program Revenues						
Charges for						
Services	\$ 1.7	\$ 1.2	\$ 6.5	5.8	\$ 8.2	7.0
Grants &						
Contributions	0.6	0.3	-	-	0.6	0.3
General Revenues						
Hotel Tax	1.2	1.2	-	-	1.2	1.2
Property Taxes	3.0	2.9	-	-	3.0	2.9
Inter-government						
Taxes	8.5	8.5	0.5	0.5	9.0	9.0
Investment Income	-	-	-	-	-	-
Others	0.6	0.7	0.1	0.1	0.7	0.8
Total Revenues	15.6	14.8	7.1	6.4	22.7	21.2
Expense:						
General						
Government	2.9	2.6	-	-	2.9	2.6
Public Safety	4.9	4.9	-	-	4.9	4.9
Community						
Development	1.0	0.6	-	-	1.0	0.6
Public Works	5.6	5.3	-	-	5.6	5.3
Interest	0.5	0.4	1.4	1.4	1.9	1.8
Water & Sewer	-	-	6.9	6.2	6.9	6.2
Total Expenses	14.9	13.8	8.3	7.6	23.2	21.4
(Increase) Decrease						
in net position	0.7	1.0	(1.2)	(1.2)	(0.5)	(0.2)

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 \$17.2 million, up \$5.5 million from the prior year total of \$11.7 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 \$1.8 from \$8.1 million to \$9.9 million. The General Fund cash balance of \$9.4 million remains within the policy limits established by the Village Board.

Enterprise funds

The enterprise fund operated by the Village is the Water & Sewer Fund. The Water Fund increased rates effective January 1, 2014. The Sewer Fund rates were increased as of January 1, 2014 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, 2014 was \$90.5 million. The Village's investment in capital assets, net of accumulated depreciation, for business-type activities as of April 30, 2014 was \$48.0 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 \$53.6 million. Of this amount, \$8.9 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, 2014 the Village debt represented 2.0 % of the equalized assessed value. Additional information about long-term debt can be found in Note G to the financial statements.

Bond Ratings

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

Economic Factors

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

Contacting the Village's Financial Management

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

BASIC FINANCIAL STATEMENTS

Village of Itasca, Illinois
STATEMENT OF NET POSITION
April 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 16,650,014	\$ 2,228,501	\$ 18,878,515
Receivables			
Property taxes	3,110,395	-	3,110,395
Accounts	-	1,095,447	1,095,447
Sales and income taxes	1,190,690	-	1,190,690
Other	650,810	-	650,810
Net pension asset	139,252	-	139,252
Due from library	1,690,962	-	1,690,962
Capital assets			
Capital assets not being depreciated	40,473,800	1,397,974	41,871,774
Capital assets net of accumulated depreciation	49,991,840	46,607,125	96,598,965
Total assets	113,897,763	51,329,047	165,226,810
Deferred outflows of resources	92,043	-	92,043
Total assets and deferred outflows of resources	113,989,806	51,329,047	165,318,853
LIABILITIES			
Accounts payable	468,435	715,303	1,183,738
Accrued payroll	225,799	61,010	286,809
Accrued interest	193,967	347,832	541,799
Unearned revenue	25,000	-	25,000
Escrow deposits	518,102	-	518,102
Due to library	17,657	-	17,657
Due to Fiduciary funds	4,320	-	4,320
Due to other governments	1,140	-	1,140
Noncurrent liabilities			
Due within one year	1,533,741	2,065,946	3,599,687
Due in more than one year	13,751,866	36,305,168	50,057,034
Total liabilities	16,740,027	39,495,259	56,235,286
Deferred inflows of resources	3,110,395	-	3,110,395
Total liabilities and deferred inflows of resources	19,850,422	39,495,259	59,345,681
NET POSITION			
Net investment in capital assets	79,463,098	10,421,964	89,885,062
Restricted for public safety	32,584	-	32,584
Restricted for streets	236,020	-	236,020
Restricted for tourism	2,271,858	-	2,271,858
Restricted for debt service	142,376	-	142,376
Restricted for special service areas	1,476,453	-	1,476,453
Unrestricted	10,516,995	1,411,824	11,928,819
Total net position	\$ 94,139,384	\$ 11,833,788	\$ 105,973,172

The accompanying notes are an integral part of this statement.

Village of Itasca, Illinois
STATEMENT OF ACTIVITIES
For the year ended April 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 2,877,330	\$ -	\$ -	\$ -
Public safety	4,938,440	485,700	-	-
Community development	982,497	1,058,825	-	393,789
Public works	5,566,081	118,705	213,525	-
Interest expense	580,185	-	-	-
Total governmental activities	<u>14,944,533</u>	<u>1,663,229</u>	<u>213,525</u>	<u>393,789</u>
Business-type activities:				
Water and sewer	<u>6,933,727</u>	<u>6,481,304</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 21,878,259</u>	<u>\$ 8,144,533</u>	<u>\$ 213,525</u>	<u>\$ 393,789</u>

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

Total general revenues

Change in net position

Net position - beginning

Net position - ending

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,877,330)	\$ -	\$ (2,877,330)
(4,452,740)	-	(4,452,740)
470,116	-	470,116
(5,233,851)	-	(5,233,851)
(580,185)	1,400,011	819,826
(12,673,990)	1,400,011	(11,273,979)
-	(452,423)	(452,423)
(12,673,990)	(1,852,434)	(11,726,402)
2,979,754	-	2,979,754
1,214,144	-	1,214,144
8,474,428	451,760	8,926,188
639,080	152,334	791,414
41,397	1,850	43,247
13,348,803	605,945	13,954,748
674,813	(1,246,489)	(571,676)
93,464,571	13,080,277	106,544,848
\$ 94,139,384	\$ 11,833,788	\$ 105,973,172

The accompanying notes are an integral part of this statement.

Village of Itasca, Illinois

Governmental Funds

BALANCE SHEET

April 30, 2014

	General	General Obligation 2008	Non- Major Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 9,408,990	\$ 8	\$ 7,241,016	\$ 16,650,014
Receivables				
Property taxes	1,998,306	767,648	344,441	3,110,395
Other	510,661	-	140,149	650,810
Sales and income taxes	1,190,690	-	-	1,190,690
Due from other funds	50,931	-	19,672	70,603
Total assets	<u>\$ 13,159,578</u>	<u>\$ 767,656</u>	<u>\$ 7,745,278</u>	<u>\$ 21,672,512</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 440,739	\$ -	\$ 27,696	\$ 468,435
Accrued payroll	224,024	-	1,775	225,799
Unearned revenue	25,000	-	-	25,000
Escrow deposits	518,102	-	-	518,102
Due to library	17,657	-	-	17,657
Due to other funds	-	50,931	19,672	70,603
Due to fiduciary funds	4,320	-	-	4,320
Due to other governments	1,140	-	-	1,140
Compensated absences payable	45,906	-	-	45,906
Total liabilities	1,276,888	50,931	49,143	1,376,962
Deferred inflows of resources	1,998,306	767,648	344,441	3,110,395
Total liabilities and deferred inflows of resources	<u>3,275,194</u>	<u>818,579</u>	<u>393,584</u>	<u>4,487,357</u>
Fund balances				
Restricted				
Public Safety	32,584	-	-	32,584
Debt Service	-	-	399,709	399,709
Highway and streets	-	-	236,020	236,020
Tourism	-	-	2,271,858	2,271,858
Special service areas	-	-	4,460,058	4,460,058
Unrestricted				
Unassigned (deficit)	9,851,800	(50,923)	(15,951)	9,784,926
Total fund balances (deficit)	<u>9,884,384</u>	<u>(50,923)</u>	<u>7,351,694</u>	<u>17,185,155</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,159,578</u>	<u>\$ 767,656</u>	<u>\$ 7,745,278</u>	

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

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

90,465,640

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

139,252

Intergovernmental receivable from the Library is not unearned
revenue on the statement of net position

1,690,962

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.

(15,341,625)

Net position of governmental activities

\$ 94,139,384

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, 2014

	General	General Obligation 2008	Non- Major Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 2,138,956	\$ 755,055	\$ 85,744	\$ 2,979,754
Hotel taxes	-	-	1,214,144	1,214,144
Licenses and permits	1,058,825	-	-	1,058,825
Intergovernmental	8,197,985	-	-	8,197,985
Food and beverage tax	276,443	-	-	276,443
Grants	393,789	-	213,525	607,313
Charges for services	118,705	-	-	118,705
Fines	485,700	-	-	485,700
Investment income	31,463	130	9,803	41,397
Miscellaneous	521,613	207,000	40,467	769,080
Total revenues	13,223,478	962,185	1,563,683	15,749,345
Expenditures				
Current				
General government	2,390,003	-	663,025	3,053,028
Public safety	4,719,758	-	-	4,719,758
Community development	974,748	-	-	974,748
Public works	2,788,188	-	-	2,788,188
Debt service				
Principal	470,000	740,000	55,000	1,265,000
Interest and fiscal agent fees	225,228	227,237	29,873	482,338
Issuance costs	-	-	82,385	82,385
Capital outlay	-	-	250,805	250,805
Total expenditures	11,567,926	967,237	1,081,088	13,616,251

Excess (deficiency) of revenues over expenditures	\$ 1,655,552	\$ (5,052)	\$ 482,595	\$ 2,133,095
Other financing sources (uses)				
Transfers in	127,833	-	-	127,833
Bonds issued at par	-	-	3,340,000	3,340,000
Bond premium	-	-	-	-
Payment to escrow agent	-	-	-	-
Transfer (out)	-	-	(127,833)	(127,833)
Total other financing sources (uses)	127,833	-	3,212,167	3,340,000
Net change in fund balances	1,783,385	(5,052)	3,694,762	5,473,095
Fund balances (deficit) - beginning of year	8,100,999	(45,871)	3,656,932	11,712,060
Fund balances (deficit) - end of year	\$ 9,884,384	\$ (50,923)	\$ 7,351,694	\$ 17,185,155

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, 2014

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

Net change in fund balances - total governmental funds	\$	5,473,095
--	----	-----------

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.		(2,497,461)
---	--	-------------

The change in the net pension asset is reported as an expense on the statement of activities.		5,056
---	--	-------

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>(2,305,877)</u>
--	--	--------------------

Change in net position of governmental activities.	\$	<u><u>674,813</u></u>
--	----	-----------------------

The accompanying notes are an integral part of this statement.

Village of Itasca, Illinois
Proprietary Fund - Water and Sewer
STATEMENT OF NET POSITION
April 30, 2014

ASSETS

Current assets

Cash and investments	\$ 2,228,501
Accounts receivable - trade	<u>1,095,447</u>

Total current assets	<u>3,323,948</u>
----------------------	------------------

Capital assets

Cost	70,003,100
Less: accumulated depreciation	<u>21,998,001</u>

Net capital assets	<u>48,005,099</u>
--------------------	-------------------

Total assets	<u>51,329,047</u>
--------------	-------------------

LIABILITIES

Current liabilities

Accounts payable	715,303
Accrued payroll	61,010
Bonds and loans payable - current portion	2,065,946
Accrued interest	<u>347,832</u>

Total current liabilities	<u>3,190,091</u>
---------------------------	------------------

Noncurrent liabilities

Bonds payable	23,399,227
IEPA loan payable	12,750,000
IDOT loan payable	-
Compensated absences payable	<u>155,941</u>

Total noncurrent liabilities	<u>36,305,168</u>
------------------------------	-------------------

Total liabilities	<u>39,495,259</u>
-------------------	-------------------

NET POSITION

Net investment in capital assets	10,421,964
Unrestricted	<u>1,411,824</u>

Total net position	<u><u>\$ 11,833,788</u></u>
--------------------	-----------------------------

The accompanying notes are an integral part of this statement.

Village of Itasca, Illinois
Proprietary Fund - Water and Sewer
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
For the year ended April 30, 2014

Operating revenues	
Charges for services	
Water fees	\$ 3,044,694
Sewer fees	3,436,610
Miscellaneous	<u>152,334</u>
Total operating revenues	<u>6,633,638</u>
Operating expenses excluding depreciation	
Salaries/stipends	1,229,620
Payroll taxes	259,639
Employee benefits	215,261
General operating	2,290,090
Repairs and maintenance	377,820
Professional services	254,403
Special services	300,846
Insurance	60,385
Capital	<u>34,709</u>
Total operating expenses excluding depreciation	<u>5,022,773</u>
Operating income before depreciation	1,610,866
Depreciation and amortization	<u>1,910,954</u>
Operating income (loss)	<u>(300,088)</u>
Nonoperating revenue and expense	
Interest expense	(1,400,011)
Bond stimulus payment	451,760
Investment income	<u>1,850</u>
Total nonoperating revenue and expense	<u>(946,400)</u>
Change in net position	(1,246,489)
Net position - beginning of year	<u>13,080,277</u>
Net position - end of year	<u><u>\$ 11,833,788</u></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, 2014

Cash flows from operating activities	
Receipts from customers and users	\$ 6,512,784
Payments to suppliers	(4,021,087)
Payments to employees	<u>(1,251,579)</u>
Net cash from operating activities	<u>1,240,118</u>
Cash flows from noncapital financing activities	
Loan proceeds	-
Loan payments	<u>(1,540,000)</u>
Net cash from noncapital financing activities	<u>(1,540,000)</u>
Cash flows from capital and related financing activities	
Capital assets purchased	(740,206)
Bond stimulus payment	451,760
Interest paid on bonds payable	<u>(1,402,734)</u>
Net cash from capital and related financing activities	<u>(1,691,180)</u>
Cash flows from investing activities	
Sale of investments	-
Investment income	<u>1,850</u>
Net cash from investing activities	<u>1,850</u>
Net increase (decrease) in cash and equivalents	(1,989,212)
Cash and equivalents	
Beginning of year	<u>4,217,713</u>
End of year	<u><u>\$ 2,228,501</u></u>
Reconciliation to statement of net position	
Cash and equivalents	\$ 2,228,501
Investments	<u>-</u>
Cash and investments	<u><u>\$ 2,228,501</u></u>
Supplemental schedule of noncash capital and related financing activities:	
Contribution of capital assets from governmental funds	<u><u>\$ -</u></u>

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, 2014

Cash flows from operating activities	
Operating income (loss)	\$ (300,088)
Adjustments to reconcile operating income (loss) to net cash used in operating activities	
Depreciation and amortization	1,910,954
Changes in assets and liabilities	
Accounts receivable	(120,855)
Accounts payable	(227,934)
Accrued payroll	8,227
Compensated absences	<u>(30,186)</u>
Net cash from operating activities	<u>\$ 1,240,118</u>

The accompanying notes are an integral part of this statement.

(Concluded)

Village of Itasca, Illinois
Fiduciary Fund - Police Pension
STATEMENT OF PLAN NET POSITION
April 30, 2014

ASSETS	
Cash and short-term investments	\$ 42,495
Due from corporate	-
Real estate tax receivable	-
Investments, at fair value	
Money market mutual funds	540,985
Mutual funds	3,259,854
U.S. Treasury securities	2,344,710
U.S. Agency securities	1,955,293
Corporate bonds	709,353
Corporate equity securities	5,765,022
Receivable (net, where applicable, of allowances for uncollectibles)	
Accrued interest	24,362
Due from general fund	<u>4,320</u>
 Total assets	 14,646,394
LIABILITIES	
None	<u>-</u>
PLAN NET POSITION	
Held in trust for employee pension benefits	\$ <u><u>14,646,394</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 POSITION
For the year ended April 30, 2014

Additions	
Employer contributions	\$ 578,545
Employee contributions	<u>199,030</u>
Total contributions	<u>777,575</u>
Investment income	
Interest and dividend income	417,696
Net appreciation in fair value of investments	<u>755,563</u>
Total investment income	1,173,259
Less investment expense	<u>(125,460)</u>
Net investment income	<u>1,047,799</u>
Total additions	<u>1,825,374</u>
Deductions	
Benefit payments	932,254
Administrative expenses	<u>29,190</u>
Total deductions	<u>961,444</u>
Net increase in plan net position	863,930
Plan net position at beginning of year	<u>13,782,464</u>
Plan net position at end of year	<u>\$ 14,646,394</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, 2014

	<u>Page</u>
Note A Summary of Significant Accounting Policies	
1. Reporting Entity	24
2. Government-Wide and Fund Financial Statements	24
3. Fund Accounting	24 - 25
4. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	25 - 26
5. Cash Equivalents	26
6. Investments	27
7. Capital Assets	27
8. Interfund Transactions	27
9. Compensated Absences	27
10. Long-Term Obligations	28
11. Fund Equity	28
12. Use of Estimates	28
13. Risk Management	28
Note B Reconciliation of Government-Wide and Fund Financial Statements	
1. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position	29
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	29 - 30
Note C Compliance - Deficit Fund Equity	30
Note D Deposits and Investments	30
1. Deposits and Investments	31 - 32
2. Interest Rate Risk	32
3. Credit Risk	32
4. Custodial Credit Risk	33
5. Concentration of Credit Risk	33
Note E Receivables	
1. Property Taxes	34
2. Other	34

Village of Itasca, Illinois
INDEX FOR THE NOTES TO THE FINANCIAL STATEMENTS (Continued)
April 30, 2014

	<u>Page</u>
Note F Capital Assets	
1. Governmental Activities	35
2. Business-Type Activities	36
3. Depreciation Expense	36
Note G Long-Term Debt	
1. Changes in Long-Term Liabilities	37
2. General Obligation Bonds	38
3. Debt Service Requirements to Maturity	38
Note H Interfund Balances and Transfers	39 - 40
Note I Contingent Liabilities	
1. Litigation	40
2. Grants	40
Note J Commitments	
1. DuPage Water Commission	40 - 41
Note K Employee Retirement Systems	
1. Illinois Municipal Retirement Fund	41 - 43
2. Police Pension	43 - 46
Note L Other Postemployment Benefits	
1. Plan Description	47
2. Benefits Provided	47
3. Membership	47
4. Funding Policy	47
5. Annual OPEB Costs and Net OPEB Obligation	48 - 49

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

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. Component units are entities for which the Village is considered to be financially accountable. “Blended” component units, although legally separate entities, are, in substance, part of the Village’s operations.

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

2. Government-Wide and Fund Financial Statements

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

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

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

3. Fund Accounting

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

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fund Accounting (Continued)

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.

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.

The Village reports the following major governmental funds:

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

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

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

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 and only proprietary fund:

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

Additionally, the Village reports the following fund:

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

5. Cash Equivalents

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

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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.

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Long-Term Obligations

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

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

11. Fund Equity

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

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

12. Use of Estimates

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

13. Risk Management

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

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

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

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

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

General obligation bonds, net of deferred items	\$ 5,088,899
General obligation certificates	5,450,686
Special service area bonds	3,895,000
Unamortized loss on refunding	(92,043)
Accrued interest payable	193,967
Compensated absences	775,679
Net other postemployment benefit obligation	<u>29,437</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position of governmental activities	<u>\$ 15,341,625</u>

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

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

Capital outlay	\$ 533,162
Depreciation expense net of dispositions	(3,030,623)
Loss on disposal of capital assets	<u>-</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ (2,497,461)</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, 2014

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	\$ 740,000
General obligation certificates	470,000
Special service area bonds	55,000
Issuance of bonds	(3,340,000)
Amortization of loss on refunding	(24,669)
Amortization of bond premium	96,019
Compensated absences	(104,780)
Change in due from library	(147,356)
Increase in net other postemployment benefit obligation	(7,826)
Change in accrued interest	(42,265)
Net adjustment to increase net change in fund balances -	
total governmental funds to arrive at change in net position	
of governmental activities	\$ <u>(2,305,877)</u>

NOTE C - COMPLIANCE - DEFICIT FUND EQUITY

The following funds had a deficit balance at April 30, 2014:

<u>Fund</u>	<u>Deficit</u>
General Obligations 2008	\$ 50,923
Spring Lake Special Service Area - Debt Service Fund	15,951

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, 2014

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

1. Deposits and Investments

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

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

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

As of April 30, 2014, the Village's cash and investments consisted of the following:

	Government - Wide	Fiduciary	Total
Cash and investments	\$ 18,878,515	\$ 14,617,712	\$ 33,496,227

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	15,975,566
Deposits with financial institutions - Police Pension Fund	583,432
Other investments - Village	2,902,175
Police Pension Fund - other investments	14,034,280
Total	\$ 33,496,227

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

1. Deposits and Investments (Continued)

As of April 30, 2014, the Village has the following investment in debt securities.

Investment Type	Fair Value	Investment Maturities (In Years)	
		Less than 1	1-5
Illinois Metropolitan Investment Trust	\$ 1,426,477	\$ 1,426,477	\$ -
Negotiable CD's	8,560,323	5,175,175	3,385,148
Total	<u>\$ 9,986,800</u>	<u>\$ 6,601,652</u>	<u>\$ 3,385,148</u>

As of April 30, 2014, the Police Pension Fund has the following investment in debt securities.

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S Agency obligations	\$ 1,955,293	\$ 93,187	\$ 169,116	\$ 74,347	\$ 1,618,643
Corporate bonds	709,353	-	229,538	458,826	20,989
U.S Treasury obligations	<u>2,344,710</u>	<u>237,095</u>	<u>958,034</u>	<u>592,047</u>	<u>557,534</u>
	<u>\$ 5,009,356</u>	<u>\$ 330,282</u>	<u>\$ 1,356,688</u>	<u>\$ 1,125,220</u>	<u>\$ 2,197,166</u>

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, 2014, the Village's investments in Illinois Funds and IMET 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.

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

4. Custodial Credit Risk

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

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

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

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

5. Concentration of

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.

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

NOTE E - RECEIVABLES

1. Property Taxes

Property taxes for 2013 attached as an enforceable lien on January 1, 2013 on property values assessed as of the same date and are recorded as receivables and unavailable revenue at April 30, 2014. The levy is intended to finance operations of the next fiscal year. Taxes are levied by December 2013 (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, 2014. The County collects such taxes and remits them periodically. The 2014 tax levy, which attached as an enforceable lien on property as of January 1, 2014, has not been recorded as a receivable as of April 30, 2014 as the tax has not yet been levied by the Village and will not be levied until December 2014 and, therefore, the levy is not measurable at April 30, 2014.

2. Other

Other receivables consist of the following receivables at April 30, 2014.

Governmental activities		
Other miscellaneous receivables	\$	515,181
Hotel tax		119,684
Motor fuel tax		<u>15,945</u>
Total governmental activities	\$	<u><u>650,810</u></u>

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2014 was as follows:

1. Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 40,134,622	\$ 339,178	\$ -	\$ 40,473,800
Total capital assets, not being depreciated	<u>40,134,622</u>	<u>339,178</u>	<u>-</u>	<u>40,473,800</u>
Capital assets, being depreciated				
Buildings and improvements	19,057,217	-	-	19,057,217
Machinery and equipment	883,210	99,404	-	982,614
Transportation equipment	1,597,408	94,580	-	1,691,988
Infrastructure	109,695,182	-	-	109,695,182
Total capital assets being depreciated	<u>131,233,017</u>	<u>193,984</u>	<u>-</u>	<u>131,427,001</u>
Less accumulated depreciation for:				
Buildings and improvements	5,538,364	269,131	-	5,807,495
Machinery and equipment	552,627	53,764	-	606,391
Transportation equipment	1,128,981	85,636	-	1,214,617
Infrastructure	71,184,566	2,622,092	-	73,806,658
Total accumulated depreciation	<u>78,404,538</u>	<u>3,030,623</u>	<u>-</u>	<u>81,435,161</u>
Total capital assets being depreciated, net	<u>52,828,479</u>	<u>(2,836,639)</u>	<u>-</u>	<u>49,991,840</u>
Governmental activities capital assets, net	<u>\$ 92,963,101</u>	<u>\$ (2,497,461)</u>	<u>\$ -</u>	<u>\$ 90,465,640</u>

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

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	585,950	62,329	585,950	62,329
Total capital assets, not being depreciated	1,921,595	62,329	585,950	1,397,974
Capital assets, being depreciated				
Buildings and improvements	500,167	-	-	500,167
Equipment	1,614,347	-	-	1,614,347
Water and sewer system	65,226,785	1,263,827	-	66,490,612
Total capital assets being depreciated	67,341,299	1,263,827	-	68,605,126
Less accumulated depreciation for:				
Buildings and improvements	500,167	-	-	500,167
Equipment	1,218,421	63,212	-	1,281,633
Water and sewer system	18,365,689	1,850,512	-	20,216,201
Total accumulated depreciation	20,084,277	1,913,724	-	21,998,001
Total capital assets being depreciated, net	47,257,022	(649,897)	-	46,607,125
Business-type activities capital assets, net	\$ 49,178,617	\$ (587,568)	\$ 585,950	\$ 48,005,099

3. Depreciation Expense

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

Governmental activities:	
General government	\$ 148,970
Public safety	96,011
Community development	7,749
Public works	2,777,893
Total depreciation expense - governmental activities	\$ 3,030,623

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

NOTE G - LONG-TERM DEBT

1. Changes in Long-Term Liabilities

Long-term liability activity for the year ended April 30, 2014, is as follows:

a. Primary Government - Governmental Activities

	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Bonds							
Series 2008B	3.00 - 4.00%	12/15/2018	\$ 3,980,000	\$ -	\$ 610,000	\$ 3,370,000	\$ 630,000
Series 2008A	3.00 - 4.00%	12/15/2018	1,750,000	-	130,000	1,620,000	135,000
Less unamortized premium:							
Series 2008A			58,890		5,353	53,537	5,353
Series 2008B			54,435	-	9,073	45,362	9,073
			<u>5,843,325</u>	<u>-</u>	<u>754,426</u>	<u>5,088,899</u>	<u>779,426</u>
General Fund Refunding Certificates							
Series 2010	2% to 4%	12/1/2022	5,620,000	-	470,000	5,150,000	485,000
Less unamortized premium							
Series 2010			334,095		33,409	300,686	33,409
			<u>5,954,095</u>	<u>-</u>	<u>503,409</u>	<u>5,450,686</u>	<u>518,409</u>
Special Service Area Bonds							
Series 2014	4.50%	12/15/2034	-	3,340,000	-	3,340,000	130,000
Series 2006		12/15/2021	610,000	-	55,000	555,000	60,000
			<u>610,000</u>	<u>3,340,000</u>	<u>55,000</u>	<u>3,895,000</u>	<u>190,000</u>
Compensated absences payable			701,046	150,686	30,147	821,585	45,906
Net postemployment benefit obligation			21,611	7,826	-	29,437	-
Total			<u>\$ 13,130,077</u>	<u>\$ 3,498,512</u>	<u>\$ 1,342,982</u>	<u>\$ 15,285,607</u>	<u>\$ 1,533,741</u>

b. Primary Government - Business-Type Activities

General obligation Bonds Series 2009A	\$ 24,000,000	\$ -	\$ 330,000	\$ 23,670,000	\$ 340,000
Illinois EPA bonds	14,250,000	-	750,000	13,500,000	750,000
IDOT loan	1,435,946	-	460,000	975,946	975,946
Unamortized bond premium	71,996	-	2,769	69,227	-
Compensated absences payable	186,127	155,941	186,127	155,941	-
	<u>\$ 39,944,069</u>	<u>\$ 155,941</u>	<u>\$ 1,728,896</u>	<u>\$ 38,371,114</u>	<u>\$ 2,065,946</u>

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 3,505,946	\$ 1,949,765	\$ 5,455,711
2016	2,560,000	1,908,418	4,468,418
2017	2,645,000	1,835,898	4,480,898
2018	2,715,000	1,757,499	4,472,499
2019	2,790,000	1,675,061	4,465,061
2020-2024	10,455,000	7,292,306	17,747,306
2025-2029	7,705,000	5,989,825	13,694,825
2030-2034	9,405,000	4,660,155	14,065,155
2035-2039	10,400,000	2,011,900	12,411,900
	<u>\$ 52,180,946</u>	<u>\$ 29,080,827</u>	<u>\$ 81,261,773</u>

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

NOTE H - INTERFUND BALANCES AND TRANSFERS

Individual interfund balances at April 30, 2014 are shown as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund		
General Obligation 2008 Fund	\$ 50,931	\$ -
Total General Fund	<u>50,931</u>	<u>-</u>
Debt Service Funds		
General Obligation 2008 Fund		
General Fund	<u>-</u>	<u>50,931</u>
Total General Obligation 2008 Fund	<u>-</u>	<u>50,931</u>
Spring Lake Special Service Area Fund - Debt Service		
Spring Lake SSA - Capital Projects	<u>-</u>	<u>19,672</u>
Total Debt Service Funds	<u>-</u>	<u>70,603</u>
Capital Projects Fund		
Spring Lake Special Service Area Capital Projects Fund		
Spring Lake Special Service Area Debt Service Fund	<u>19,672</u>	<u>-</u>
Total Capital Projects Funds	<u>19,672</u>	<u>-</u>
	<u>\$ 70,603</u>	<u>\$ 70,603</u>

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, 2014

NOTE H - INTERFUND BALANCES AND TRANSFERS (Continued)

Individual interfund transfers during the fiscal year ended April 30, 2014 were as follows:

	Transfers	
	In	Out
General Fund	\$ 127,833	\$ -
Hotel Tax Fund	-	127,833
Total transfers	<u>\$ 127,833</u>	<u>\$ 127,833</u>

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.

NOTE J - COMMITMENTS

1. DuPage Water Commission

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

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

NOTE J - COMMITMENTS

1. DuPage Water Commission

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>
2015	\$ 122,077
2016	<u>122,077</u>
	<u>\$ 244,154</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.

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 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.

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

NOTE K - EMPLOYEE RETIREMENT SYSTEMS (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Plan Descriptions and Provisions (Continued)

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

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The Village is required to contribute at an actuarially determined rate. The employer rate for calendar year 2013 was 13.64% 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 April 30, 2012 was 30 years.

For the year ended April 30, 2014, the Village's annual pension cost of \$357,849 was equal to the Village's required and actual contributions. The required contribution was determined as part of the December 31, 2011 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 Pension Cost (APC)

<u>Fiscal Year</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>		<u>Net Pension Obligation</u>
2014	\$	357,849	100	% \$	-
2013		300,663	100		-
2012		314,857	100		-

The funded status of the plan at April 30, 2014, based on actuarial valuations performed as of December 31, 2013 for the IMRF is as follows. The actuarial assumptions used to determine the employer APC of the plan as disclosed above.

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

NOTE K - EMPLOYEE RETIREMENT SYSTEMS (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Plan Descriptions and Provisions (Continued)

	<u>Illinois Municipal Retirement</u>
Actuarial Accrued Liability (AAL)	\$ 12,277,842
Actuarial Value of Plan Assets	10,368,907
Unfunded Actuarial Accrued Liability (UAAL)	1,908,935
Funded Ratio (Actuarial Value of Plan Assets/AAL)	84.45%
Covered Payroll (Active Plan Members)	\$ 3,140,174
UAAL as a Percentage of Covered Payroll	60.79%

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, 2014 was \$1,991,755. At April 30, 2014, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	19
Current employees	
Vested	16
Nonvested	6
Total	41

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

NOTE K - EMPLOYEE RETIREMENT SYSTEMS (Continued)

2. Police Pension (Continued)

Plan Description and Provisions (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 ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of 1/2 of the annual change in the CPI or 3.00% compounded.

The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., 1/2% 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 1/2 of the change in the Consumer Price Index for the

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. For the year ended April 30, 2014, the Village's contribution was 29.05% of covered payroll.

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

NOTE K - EMPLOYEE RETIREMENT SYSTEMS (Continued)

2. Police Pension (Continued)

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 position available for benefits.

Related-Party Transactions

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

Contributions

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

ANNUAL PENSION COST AND NET PENSION LIABILITY

Annual required contribution (ARC)	\$ 576,591
Interest on net pension obligation	(10,266)
Adjustment to annual required contribution	<u>7,164</u>
Annual pension cost (APC)	573,489
Contributions made	<u>578,545</u>
Decrease in net pension obligation	(5,056)
Net pension obligation (asset)	
Beginning of year	<u>(134,196)</u>
End of year	<u>\$ (139,252)</u>

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

NOTE K - EMPLOYEE RETIREMENT SYSTEMS (Continued)

2. Police Pension (Continued)

Contributions (Continued)

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Actual Employer Contribution	Percentage of APC Contributed	Pension Obligation (Asset)
4/30/12	\$ 596,937	96.7 %	\$ (122,712)
4/30/13	545,817	102.1	(134,196)
4/30/14	578,545	100.9	(139,252)

Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	April 30, 2014
Actuarial cost method	Entry-age normal cost
Amortization method	Level percentage of payroll, closed
Remaining amortization period	27 years
Asset valuation method	Market

Significant actuarial assumptions:

a) Investment rate of return	7.55% including inflation at 3.00%
b) Projected salary increases	4.50% including inflation at 3.00%
c) Cost-of-living adjustments	3.00% per year

The funded status of the plan as of April 30, 2014, based on actuarial valuations performed as of April 30, 2014 for the Police Pension Plan is as follows. The actuarial assumptions used to determine the funded status of the plan are the same actuarial assumptions used to determine the employer APC of the plan as disclosed above.

	<u>Police Pension</u>
Actuarial Accrued Liability (AAL)	\$ 24,508,467
Actuarial Value of Plan Assets	14,646,394
Unfunded Actuarial Accrued Liability (UAAL)	9,862,073
Funded Ratio (Actuarial Value of Plan Assets/AAL)	59.8%
Covered Payroll (Active Plan Members)	\$ 1,991,755
UAAL as a Percentage of Covered Payroll	495.1%

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.

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

NOTE L - OTHER POSTEMPLOYMENT BENEFITS

1. Plan Description

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

3. Membership

At April 30, 2014, 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.

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

NOTE L - OTHER POST-EMPLOYMENT BENEFITS (Continued)

5. Annual OPEB Costs and Net OPEB Obligation

The last actuarial valuation was completed two years ago (04/30/2012). The Net OPEB Obligation has been updated through 04/30/2014. 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.

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	7,924	4,497	56.4	10,410
April 30, 2012	7,924	4,497	56.7	13,837
April 30, 2013	46,693	38,919	83.4	21,611
April 30, 2014	46,745	38,919	83.3	29,437

The net OPEB obligation as of April 30, 2014 was calculated as follows:

Annual required contribution	\$ 46,601
Interest on net OPEB obligation	864
Adjustment to annual required contribution	<u>(720)</u>
Annual OPEB cost	46,745
Contributions made	<u>38,919</u>
Increase (decrease) in net OPEB obligation	7,826
Net OPEB obligation, beginning of year	<u>21,611</u>
NET OPEB OBLIGATION, END OF YEAR	\$ <u><u>29,437</u></u>

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)	\$ 5,177,755
UAAL as a percentage of covered payroll	16.40%

Village of Itasca, Illinois
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2014

NOTE L - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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.

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 an open basis. The remaining amortization period at April 30, 2012 was 30 years.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Village of Itasca, Illinois
SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND
April 30, 2014

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)
12/31/13	\$ 10,368,907	\$ 12,277,842	84.45 %	\$ 1,908,935	\$ 3,140,174	60.79 %
12/31/12	9,134,899	12,043,200	75.85	2,908,301	3,099,376	93.84
12/31/11	8,789,917	11,682,844	75.24	2,892,927	3,188,179	90.74
12/31/10	9,658,890	12,052,737	80.14	2,393,847	3,217,695	74.40
12/31/09	9,281,642	11,676,520	79.49	2,394,878	3,348,773	71.52
12/31/08	8,907,695	10,539,302	84.52	1,631,607	3,418,951	47.72

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$12,196,550. On a market basis, the funded ratio would be 99.34%.

See independent auditor's report.

Village of Itasca, Illinois
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
April 30, 2014

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2014	\$ 357,849	\$ 357,849	100 %
2013	300,663	300,663	100
2012	314,857	314,857	100
2011	307,689	307,689	100
2010	243,001	243,001	100
2009	245,125	245,125	100

See independent auditor's report.

Village of Itasca, Illinois
SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND
April 30, 2014

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)
4/30/14 \$	14,646,394 \$	24,508,467	59.8 %	\$ 9,862,073 \$	1,991,755	495.1 %
4/30/13	13,782,647	23,655,529	58.3	9,872,882	1,998,734	494.0
4/30/12	12,922,072	21,583,226	59.9	8,661,154	1,877,990	461.2
4/30/11	12,962,967	20,442,904	63.4	7,882,847	1,973,692	379.0
4/30/10	11,517,790	19,130,207	60.2	7,612,417	1,987,850	382.9
4/30/09	9,852,858	17,730,329	55.5	7,877,471	1,926,683	409.1

See independent auditor's report.

Village of Itasca, Illinois
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND
April 30, 2014

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2014	\$ 578,545	\$ 576,591	100 %
2013	545,817	537,359	102
2012	596,937	621,324	96
2011	606,037	620,922	98
2010	502,722	490,884	102
2009	394,890	384,556	103

See independent auditor's report.

Village of Itasca, Illinois
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN
April 30, 2014

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)
4/30/14 \$	-	\$ 849,939	0.00 %	\$ 849,939	\$ 5,177,755	16.4 %
4/30/13	-	849,939	0.00	849,939	5,098,110	16.7
4/30/12	-	849,939	0.00	849,939	5,066,169	16.8
4/30/11	-	137,602	0.00	137,602	5,224,311	2.6
4/30/10	-	137,602	0.00	137,602	5,271,227	2.6
4/30/09	-	137,602	0.00	137,602	5,271,227	2.6

See independent auditor's report.

Village of Itasca, Illinois
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN
April 30, 2014

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2014	\$ 38,919	\$ 46,601	83.3 %
2013	38,919	46,693	83.4
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

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, 2014

	Original and Final Budget	Actual
Revenues		
Property taxes	\$ 2,161,591	\$ 2,138,956
Licenses	152,750	147,100
Building and other permits	415,500	911,725
Intergovernmental		
Sales	4,603,400	4,538,957
State income	720,000	842,812
Replacement	82,000	97,165
Local use	115,000	151,743
Telecommunications	1,135,000	1,127,780
Utility tax	1,140,000	1,439,526
Food and beverage tax	275,000	276,443
Grants	320,547	393,789
Parking and other fees	132,500	118,705
Police fines and other receipts	394,200	485,700
Investment income	8,000	31,463
Miscellaneous	635,086	521,613
	<u>12,290,574</u>	<u>13,223,478</u>
Total revenues		
Expenditures		
Current		
General government		
Administrative	2,257,574	2,252,416
Nature center	290,225	137,588
Public safety	5,112,135	4,719,758
Community development	637,108	974,748
Public works	3,588,203	2,788,188
Debt service		
Principal	470,000	470,000
Interest and fiscal agent fees	225,228	225,228
	<u>12,580,473</u>	<u>11,567,926</u>
Total expenditures		
Excess (deficiency) of revenues over expenditures	(289,899)	1,655,552
Other financing sources (uses)		
Transfers in	290,225	127,833
	<u>290,225</u>	<u>127,833</u>
Net change in fund balances	\$ <u>326</u>	1,783,385
Fund balance at beginning of year		8,100,999
Fund balance at end of year		\$ <u>9,884,384</u>
See independent auditor's report.		

Village of Itasca, Illinois
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2014

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, certain debt service funds, and enterprise funds.

SUPPLEMENTAL INFORMATION

Village of Itasca, Illinois
General Fund
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the year ended April 30, 2014

	Budget	Actual
Administrative		
Salaries/stipends		
President	\$ 18,580	\$ 19,080
Trustees	24,000	15,325
Administrator	55,729	57,026
Clerk	1,040	-
Clerical	210,065	179,736
	<u>309,414</u>	<u>271,168</u>
Total salaries/stipends		
	<u>309,414</u>	<u>271,168</u>
Payroll taxes		
FICA	20,270	20,898
Unemployment tax	2,150	1,178
IMRF	36,700	37,295
	<u>59,120</u>	<u>59,371</u>
Total payroll taxes		
	<u>59,120</u>	<u>59,371</u>
Employee benefits		
Group insurance	101,760	98,486
Uniforms	750	716
	<u>102,510</u>	<u>99,202</u>
Total employee benefits		
	<u>102,510</u>	<u>99,202</u>
Operating		
Gas heating/electric	28,500	25,357
Telephone	22,000	14,910
Postage	7,300	5,395
Publication legal notices	3,500	2,565
Codification	14,000	13,500
Operating supplies - general	9,000	7,505
Conferences	2,500	2,991
Office supplies	7,500	7,436
Physical	300	87
Training	6,000	855
Dues, subscriptions, and meetings	7,900	8,312
Rentals	3,000	3,029
Community relations	27,000	11,821
Software	13,500	8,840
Miscellaneous	26,230	13,769
	<u>178,230</u>	<u>126,372</u>
Total operating		
	<u>178,230</u>	<u>126,372</u>
Repairs and maintenance		
Building	30,000	15,689
	<u>30,000</u>	<u>15,689</u>
Total repairs and maintenance		
	<u>30,000</u>	<u>15,689</u>

(Continued)

Village of Itasca, Illinois
General Fund
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the year ended April 30, 2014

	Budget	Actual
Administrative (Continued)		
Professional services		
Legal	\$ 310,000	\$ 234,664
Payroll	13,000	11,481
Audit	25,500	26,577
Newsletter	20,000	18,338
Janitorial	47,000	39,297
Consulting services	27,000	20,987
Other	10,000	116,420
	<u>452,500</u>	<u>467,763</u>
Total professional services		
	<u>452,500</u>	<u>467,763</u>
Special services		
Village share - garbage	819,000	792,283
	<u>819,000</u>	<u>792,283</u>
Boards and commissions		
Planning commission	8,000	4,659
Police commission	12,500	12,053
Historical commission	7,500	5,083
	<u>28,000</u>	<u>21,796</u>
Total boards and commission		
	<u>28,000</u>	<u>21,796</u>
Grants		
Seniors	8,000	8,000
O'Hare western access	200,000	207,661
	<u>208,000</u>	<u>215,661</u>
Total grants		
	<u>208,000</u>	<u>215,661</u>
Insurance		
Liability	35,000	15,234
Workers' compensation	3,500	2,907
	<u>38,500</u>	<u>18,141</u>
Total insurance		
	<u>38,500</u>	<u>18,141</u>
Capital expenditures		
Equipment	32,300	164,969
	<u>32,300</u>	<u>164,969</u>
Total capital expenditures		
	<u>32,300</u>	<u>164,969</u>
Total administrative	<u>2,257,574</u>	<u>2,252,416</u>
Public works		
Salaries/stipends		
Directors/supervisors	143,500	140,276
General labor	416,807	409,452
Clerical	24,000	22,280
	<u>584,307</u>	<u>572,008</u>
Total salaries/stipends		
	<u>584,307</u>	<u>572,008</u>

(Continued)

Village of Itasca, Illinois
General Fund
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the year ended April 30, 2014

	<u>Budget</u>	<u>Actual</u>
Public works (Continued)		
Payroll taxes		
FICA	\$ 43,478	\$ 43,631
Unemployment tax	1,000	1,818
IMRF	67,250	78,696
Total payroll taxes	<u>111,728</u>	<u>124,145</u>
Employee benefits		
Group insurance	122,668	111,226
Uniforms	5,000	4,412
Total employee benefits	<u>127,668</u>	<u>115,638</u>
Operating		
Electricity	65,000	63,713
Gas heating	10,000	32,794
Telephone	12,000	10,739
Postage	350	325
Conferences	2,000	1,680
Operating supplies - general	10,000	5,793
Motor fuel and lubrication	31,000	38,592
Office supplies	2,000	1,943
Training	2,000	-
Dues, subscriptions, and meetings	1,400	976
Rentals	10,000	1,110
Employee physicals	1,250	1,395
Rubbish removal	10,000	6,600
Streets - bulk materials	10,000	9,074
Total operating	<u>167,000</u>	<u>174,734</u>
Repairs and maintenance		
Vehicles	25,000	19,584
Building	35,000	19,358
Equipment	21,000	18,895
Street lights	75,000	70,735
Parking lots	10,000	7,783
Storm sewers	20,000	28,908
Parkways and parks	45,000	23,413
Street signs	20,000	15,852
Other repairs and maintenance	278,000	168,222
Total repairs and maintenance	<u>529,000</u>	<u>372,750</u>
Professional services		
Engineering	35,000	32,075
Total professional services	<u>35,000</u>	<u>32,075</u>

(Continued)

Village of Itasca, Illinois
General Fund
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the year ended April 30, 2014

	Budget	Actual
Public works (Continued)		
Special services		
Veterinary and animal control	\$ 2,000	\$ 1,853
Mosquito abatement	70,000	67,162
Snow removal	75,000	81,479
Branch contract	30,000	29,262
Lawn maintenance	63,000	43,124
Tree trimming	59,500	58,525
Tree planting	20,000	23,610
Traffic signals	20,000	15,302
Total special services	339,500	320,317
Insurance		
Liability	30,000	25,068
Workers' compensation	50,000	46,544
Total insurance	80,000	71,612
Capital expenditures		
Streets (not MFT)	1,614,000	1,004,909
Total capital expenditures	1,614,000	1,004,909
Total public works	3,588,203	2,788,188
Nature center		
Salaries/stipends		
General labor	78,310	78,213
Total salaries/stipends	78,310	78,213
Payroll taxes		
FICA	1,676	1,714
Unemployment tax	219	154
Total payroll taxes	1,895	1,868
Employee benefits		
Group insurance	11,700	8,826
Total employee benefits	11,700	8,826
Operating		
Gas heating	3,300	4,064
Telephone	3,000	3,179
Postage	100	50
Operating supplies - general	10,000	2,353
Office supplies	600	61

(Continued)

Village of Itasca, Illinois
General Fund
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the year ended April 30, 2014

	Budget	Actual
Nature center (Continued)		
Operating (Continued)		
Dues, subscriptions, and meetings	\$ 2,300	\$ 283
Rentals	250	117
Program supplies	1,000	1,664
Total operating	20,550	11,770
Repair and maintenance		
Structures	159,500	21,187
Total repairs and maintenance	159,500	21,187
Professional services		
Janitorial	8,200	7,059
Other services	1,700	85
Total professional services	9,900	7,144
Insurance		
Liability	7,800	8,055
Workers' compensation	570	525
Total insurance	8,370	8,580
Total nature center	290,225	137,588
Community development		
Salaries/stipends		
Building commissioner	92,000	75,677
Building inspector	114,245	119,650
Clerical	62,180	63,964
Total salaries/stipends	268,425	259,291
Payroll taxes		
FICA	26,631	18,522
Unemployment tax	3,307	1,064
IMRF	43,250	28,077
Total payroll taxes	73,188	47,663
Employee benefits		
Group insurance	45,695	33,365
Uniforms	750	1,173
Total employee benefits	46,445	34,538

(Continued)

Village of Itasca, Illinois
General Fund
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the year ended April 30, 2014

	Budget	Actual
Community development (Continued)		
Operating		
Telephone	\$ 17,000	\$ 14,901
Postage	1,500	1,454
Publication legal notices	1,100	2,261
Operating supplies - general	5,000	7,405
Motor fuel and lubrication	2,000	1,942
Conference	2,500	-
Office supplies	6,000	6,609
Training	2,500	1,160
Dues, subscriptions, and meetings	2,800	6,206
Operating software	2,200	2,270
Other	300	562
Total operating	42,900	44,770
Repairs and maintenance		
Vehicles	1,500	934
Buildings	3,000	3,868
Equipment	6,000	5,522
Total repairs and maintenance	10,500	10,324
Professional services		
Planner	50,000	8,137
Engineering	50,000	157,727
Inspections	50,000	38,773
Plan review	6,000	6,290
GIS mapping	3,000	5,091
Consulting	4,000	6,760
Other professional services	650	270
Planning	20,000	5,086
Total professional services	183,650	228,134
Insurance		
Liability	5,000	4,359
Workers' compensation	7,000	6,492
Total insurance	12,000	10,851
Capital expenditures		
Land	-	339,178
Total capital expenditures	-	339,178
Total community development	637,108	974,748

(Continued)

Village of Itasca, Illinois
General Fund
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the year ended April 30, 2014

	Budget	Actual
Public safety		
Salaries/stipends		
Police chief	\$ 115,224	\$ 164,012
Police officers	2,215,780	1,985,081
Clerk/dispatchers	451,948	402,505
Clerk/dispatchers overtime	18,465	25,479
Police overtime	115,000	98,508
Police court time	59,000	39,753
	<u>2,975,417</u>	<u>2,715,338</u>
Total salaries/stipends		
Payroll taxes		
FICA	228,151	200,337
Unemployment tax	11,015	6,170
IMRF	47,946	51,427
	<u>287,112</u>	<u>257,935</u>
Total payroll taxes		
Employee benefits		
Group insurance	599,752	618,378
Uniforms	25,220	20,116
Pension contribution	576,591	562,194
	<u>1,201,563</u>	<u>1,200,688</u>
Total employee benefits		
Operating		
Telephone	23,000	19,997
Postage	3,100	2,908
Operating supplies - general	1,500	1,505
Motor fuel and lubrication	52,000	50,699
Office supplies	12,000	10,662
Court, meetings, local, and miscellaneous	3,500	7,390
Dues, subscriptions, and meetings	12,850	7,147
Training	13,200	5,535
Shooting expenditure	10,130	9,951
Evidence	2,250	2,486
D.A.R.E.	18,110	17,144
Crime prevention	8,550	4,794
DUI technology	14,200	13,363
Volunteer	6,842	1,016
Other operating expenditures	2,800	2,981
	<u>184,032</u>	<u>157,578</u>
Total operating		

(Continued)

Village of Itasca, Illinois
General Fund
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
For the year ended April 30, 2014

	Budget	Actual
Public safety (Continued)		
Repairs and maintenance		
Vehicles	\$ 60,000	\$ 39,586
Hand-held equipment	4,000	3,373
Equipment	41,200	24,215
Building maintenance	44,688	23,780
	<u>149,888</u>	<u>90,954</u>
Total repairs and maintenance		
Professional services		
Prosecution cost	84,000	83,000
Police social services	29,910	30,141
Software	6,000	7,546
Hardware	4,500	2,563
	<u>124,410</u>	<u>123,250</u>
Total professional services		
Insurance		
Liability	62,000	50,131
Workers' compensation	69,213	45,951
	<u>131,213</u>	<u>96,083</u>
Total insurance		
Capital expenditures		
Vehicles	27,000	26,540
Equipment	31,500	51,392
	<u>58,500</u>	<u>77,932</u>
Total capital expenditures		
Total public safety	<u>5,112,135</u>	<u>4,719,758</u>
Debt Service		
Principal	470,000	470,000
Interest and fiscal agents	225,228	225,228
	<u>695,228</u>	<u>695,228</u>
Total Debt Service		
Total expenditures	<u>\$ 12,580,473</u>	<u>\$ 11,567,926</u>
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, 2014

	<u>Budget</u>	<u>Actual</u>
Revenues		
Property taxes	\$ 759,863	\$ 755,055
Library bond payments	-	207,000
Investment income	-	130
	<u>759,863</u>	<u>962,185</u>
Expenditures		
Debt service		
Principal	610,000	740,000
Interest	149,863	226,863
Bond agent fees	375	375
	<u>760,238</u>	<u>967,237</u>
Total expenditures		
	<u>760,238</u>	<u>967,237</u>
Net change in fund balance	\$ <u>(375)</u>	(5,052)
Fund balance (deficit) at beginning of year		<u>(45,871)</u>
Fund balance (deficit) at end of year		\$ <u><u>(50,923)</u></u>

See independent auditor's report.

Village of Itasca, Illinois
Nonmajor Governmental Funds
COMBINING BALANCE SHEET
April 30, 2014

	<u>Special Revenue</u>		<u>Debt Service</u>	
	<u>Motor Fuel Tax</u>	<u>Hotel Tax</u>	<u>Spring Lake Special Service Area</u>	<u>CMD Special Service Area</u>
<u>ASSETS</u>				
Cash and investments	\$ 220,075	\$ 2,163,022	\$ 3,721	\$ 45,722
Receivables				
Property taxes	-	-	88,230	-
Other	15,945	119,684	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 236,020</u>	<u>\$ 2,282,706</u>	<u>\$ 91,951</u>	<u>\$ 45,722</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ 9,073	\$ -	\$ -
Accrued payroll	-	1,775	-	-
Due to other funds	-	-	19,672	-
Total liabilities	-	10,848	19,672	-
Deferred inflows of resources	-	-	88,230	-
Total liabilities and deferred inflows of resources	-	10,848	107,902	-
<u>FUND BALANCE</u>				
Restricted				
Debt Service	-	-	-	45,722
Highway and streets	236,020	-	-	-
Tourism	-	2,271,858	-	-
Special service areas	-	-	-	-
Unrestricted				
Unassigned	-	-	(15,951)	-
Total fund balance (deficit)	<u>236,020</u>	<u>2,271,858</u>	<u>(15,951)</u>	<u>45,722</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 236,020</u>	<u>\$ 2,282,706</u>	<u>\$ 91,951</u>	<u>\$ 45,722</u>

Debt Service		Capital Projects				Total Nonmajor Governmental Funds
Hamilton Lakes Special Service Area	Old Thorndale Special Service Area	Spring Lake Special Service Area	CMD Special Service Area	Hamilton Lakes Special Service Area	Old Thorndale Special Service Area	
\$ 257,333	\$ 97,546	\$ 328,279	\$ 660,559	\$ 3,000,019	\$ 464,740	\$ 7,241,016
256,211	-	-	-	-	-	344,441
-	-	2,106	1,790	624	-	140,149
-	-	19,672	-	-	-	19,672
<u>\$ 513,544</u>	<u>\$ 97,546</u>	<u>\$ 350,057</u>	<u>\$ 662,349</u>	<u>\$ 3,000,643</u>	<u>\$ 464,740</u>	<u>\$ 7,745,278</u>
\$ -	\$ 892	\$ -	\$ 693	\$ 17,038	\$ -	\$ 27,696
-	-	-	-	-	-	1,775
-	-	-	-	-	-	19,672
-	892	-	693	17,038	-	49,143
256,211	-	-	-	-	-	344,441
256,211	892	-	693	17,038	-	393,584
257,333	96,654	-	-	-	-	399,709
-	-	-	-	-	-	236,020
-	-	-	-	-	-	2,271,858
-	-	350,057	661,656	2,983,605	464,740	4,460,058
-	-	-	-	-	-	(15,951)
<u>257,333</u>	<u>96,654</u>	<u>350,057</u>	<u>661,656</u>	<u>2,983,605</u>	<u>464,740</u>	<u>7,351,694</u>
<u>\$ 513,544</u>	<u>\$ 97,546</u>	<u>\$ 350,057</u>	<u>\$ 662,349</u>	<u>\$ 3,000,643</u>	<u>\$ 464,740</u>	<u>\$ 7,745,278</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, 2014

	Special Revenue		Debt Service	
	Motor Fuel Tax	Hotel Tax	Spring Lake Special Service Area	CMD Special Service Area
Revenues				
Property taxes	\$ -	\$ -	\$ 85,744	\$ -
Hotel tax	-	1,214,144	-	-
Operating grants	213,525	-	-	-
High growth cities program	36,053	-	-	-
Investment income	47	5,177	21	-
Other Revenue	-	4,414	-	-
Total revenues	249,624	1,223,735	85,765	-
Expenditures				
General government	-	663,025	-	-
Debt service				
Principal	-	-	55,000	-
Interest	-	-	29,873	-
Issuance Costs	-	-	-	-
Capital outlay				
Streets and highways	223,200	-	-	-
Total expenditures	223,200	663,025	84,873	-
Excess (deficiency) of revenues over expenditures	26,424	560,709	892	-
Other financing sources (uses)				
Bond issued at par	-	-	-	-
Transfers (out)	-	(127,833)	-	-
Net change in fund balances	26,424	432,876	892	-
Fund balance (deficit) at beginning of year	209,596	1,838,982	(16,843)	45,722
Fund balance (deficit) at end of year	\$ 236,020	\$ 2,271,858	\$ (15,951)	\$ 45,722

Debt Service		Capital Projects				Total Nonmajor Governmental Funds
Hamilton Lakes Special Service Area	Old Thorndale Special Service Area	Spring Lake Special Service Area	CMD Special Service Area	Hamilton Lakes Special Service Area	Old Thorndale Special Service Area	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,744
-	-	-	-	-	-	1,214,144
-	-	-	-	-	-	213,525
-	-	-	-	-	-	36,053
(117)	4	1,334	1,900	478	960	9,803
-	-	-	-	-	-	4,414
<u>(117)</u>	<u>4</u>	<u>1,334</u>	<u>1,900</u>	<u>478</u>	<u>960</u>	<u>1,563,683</u>
-	-	-	-	-	-	663,025
-	-	-	-	-	-	55,000
-	-	-	-	-	-	29,873
-	-	-	-	82,385	-	82,385
-	2,603	-	7,963	17,038	-	250,805
-	2,603	-	7,963	99,423	-	1,081,088
(117)	(2,599)	1,334	(6,063)	(98,945)	960	482,595
257,450	-	-	-	3,082,550	-	3,340,000
-	-	-	-	-	-	(127,833)
257,333	(2,599)	1,334	(6,063)	2,983,605	960	3,694,762
-	99,253	348,723	667,719	-	463,780	3,656,932
<u>\$ 257,333</u>	<u>\$ 96,654</u>	<u>\$ 350,057</u>	<u>\$ 661,656</u>	<u>\$ 2,983,605</u>	<u>\$ 464,740</u>	<u>\$ 7,351,694</u>

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, 2014

	<u>Budget</u>	<u>Actual</u>
Revenues		
Intergovernmental allotments - operating grants	\$ 223,200	\$ 213,525
High growth cities program	-	36,053
Investment income	<u>200</u>	<u>47</u>
Total revenues	223,400	249,624
Expenditures		
Streets and highways	<u>223,200</u>	<u>223,200</u>
Net change in fund balance	\$ <u><u>200</u></u>	26,424
Fund balance at beginning of year		<u>209,596</u>
Fund balance at end of year		\$ <u><u>236,020</u></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, 2014

	<u>Budget</u>	<u>Actual</u>
Revenues		
Hotel tax	\$ 1,160,000	\$ 1,214,144
Investment income	2,000	5,177
Other revenue	<u>-</u>	<u>4,414</u>
Total revenues	<u>1,162,000</u>	<u>1,223,735</u>
Expenditures		
General government		
Police overtime	74,119	90,363
Operation staff	20,600	29,537
Public relations	428,765	401,677
Marketing	321,000	108,748
Equipment	<u>40,000</u>	<u>32,700</u>
Total expenditures	<u>884,484</u>	<u>663,025</u>
Excess (deficiency) of revenues over expenditures	277,516	560,709
Other financing sources (uses)		
Transfers (out)	<u>(290,225)</u>	<u>(127,833)</u>
Net change in fund balance	<u>\$ (12,709)</u>	432,876
Fund balance at beginning of year		<u>1,838,982</u>
Fund balance at end of year		<u>\$ 2,271,858</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, 2014

	<u>Budget</u>	<u>Actual</u>
Revenues		
Property taxes	\$ 84,872	\$ 85,744
Interest earned	<u>40</u>	<u>21</u>
Total revenues	<u>84,912</u>	<u>85,765</u>
Expenditures		
Debt service		
Principal	55,000	55,000
Interest	<u>29,872</u>	<u>29,873</u>
Total expenditures	<u>84,872</u>	<u>84,873</u>
Net change in fund balance	\$ <u>40</u>	892
Fund balance (deficit) at beginning of year		<u>(16,843)</u>
Fund balance (deficit) at end of year		\$ <u><u>(15,951)</u></u>

See independent auditor's report.

Village of Itasca, Illinois
Water and Sewer Fund
SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
For the year ended April 30, 2014

	<u>Budget</u>	<u>Actual</u>
Operating revenues		
Charges for services		
Water fees	\$ 3,055,182	\$ 3,044,694
Sewer fees	3,618,869	3,436,610
Other revenues	<u>143,282</u>	<u>152,334</u>
Total operating revenues	<u>6,817,333</u>	<u>6,633,638</u>
Operating expenses excluding depreciation		
Salaries/stipends	1,284,368	1,229,620
Payroll taxes	255,722	259,639
Employee benefits	222,728	215,261
General operating	2,290,206	2,290,090
Repairs and maintenance	329,500	377,820
Professional services	239,400	254,403
Special services	130,000	300,846
Insurance	80,000	60,385
Capital	<u>2,013,600</u>	<u>34,709</u>
Total operating expenses	<u>6,845,524</u>	<u>5,022,773</u>
Operating income (loss) before depreciation and amortization	(28,191)	1,610,866
Depreciation and amortization	<u>-</u>	<u>1,910,954</u>
Operating income (loss)	<u>(28,191)</u>	<u>(300,088)</u>
Nonoperating revenue and expense		
Investment income	6,000	1,850
Bond stimulus payment	467,000	451,760
Interest expense	<u>(1,402,220)</u>	<u>(1,400,011)</u>
Total nonoperating revenue and expense	<u>(929,220)</u>	<u>(946,400)</u>
Change in net position	<u>\$ (957,411)</u>	(1,246,489)
Net position - at beginning of year		<u>13,080,277</u>
Net position - at end of year		<u>\$ 11,833,788</u>

See independent auditor's report.

Village of Itasca, Illinois
Water and Sewer Fund
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
For the year ended April 30, 2014

	<u>Budget</u>	<u>Actual</u>
Operating expenses		
Salaries and stipends		
President	\$ 13,600	\$ 13,650
Trustees	15,300	15,325
Treasurer	560	-
Clerical	174,785	149,401
Directors/superintendents	247,773	187,156
Operations staff	660,310	710,457
Overtime	106,970	90,413
Administrator	65,070	63,219
	<u>1,284,368</u>	<u>1,229,620</u>
Total salaries and stipends		
	<u>1,284,368</u>	<u>1,229,620</u>
Payroll taxes		
FICA	95,942	94,382
Unemployment taxes	5,780	3,533
IMRF	154,000	161,724
	<u>255,722</u>	<u>259,639</u>
Total payroll taxes		
	<u>255,722</u>	<u>259,639</u>
Employee benefits		
Group insurance	216,728	207,616
Uniforms	6,000	7,645
	<u>222,728</u>	<u>215,261</u>
Total employee benefits		
	<u>222,728</u>	<u>215,261</u>
General operating		
Gas heat	6,500	1,705
Electricity	292,000	297,383
Telephone	22,000	15,187
Postage	15,000	14,360
Publication legal notices	2,000	463
Supplies - general	7,000	10,076
Supplies - office	5,250	4,558
Supplies - sewer treatment	160,000	190,564
Supplies - water treatment	3,000	5,184
Motor fuel and lubrication	33,750	36,467
Conferences	5,000	1,596
Dues, subscriptions, and meetings	6,000	7,553
Training	5,000	1,751
Rentals	2,400	6,936
Employee physicals	1,400	1,323
Rubbish removal	20,000	17,849
Water meters	9,000	2,992
Safety program	6,000	134
Lab tests pretreatment	6,250	2,494
Operating software	8,500	3,683
Hardware	4,500	-
Other operating expenses	1,000	763
DuPage Water Commission	1,668,656	1,667,070
	<u>2,290,206</u>	<u>2,290,090</u>
Total general operating		
	<u>2,290,206</u>	<u>2,290,090</u>

(Continued)

Village of Itasca, Illinois**Water and Sewer Fund****SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (Continued)**For the year ended April 30, 2014

	<u>Budget</u>	<u>Actual</u>
Operating expenses (Continued)		
Repairs and maintenance		
Vehicles	\$ 14,000	\$ 12,244
Equipment	16,500	9,244
Bulk material	15,000	17,172
Structures	27,000	20,369
Wells	12,000	24,134
Treatment plant	10,000	96,635
Lift stations	22,500	37,174
Sanitary sewers	100,000	11,225
Water systems	100,000	133,215
Meter repair	12,500	16,406
	<u>329,500</u>	<u>377,820</u>
Total repairs and maintenance		
Professional services		
Legal	15,000	28,910
Engineering	143,000	147,241
Accounting	30,000	36,734
Payroll	2,400	2,846
Audit	25,000	24,554
Janitorial	17,500	14,118
Other services	6,500	-
	<u>239,400</u>	<u>254,403</u>
Total professional services		
Special services		
Sludge removal	45,000	143,282
Industrial pre-treatment	85,000	157,564
	<u>130,000</u>	<u>300,846</u>
Total special services		
Insurance		
Liability	45,000	31,025
Workers' compensation	35,000	29,359
	<u>80,000</u>	<u>60,385</u>
Total insurance		
Capital expenses - equipment	2,013,600	34,709
Less expenses capitalized	-	-
	<u>2,013,600</u>	<u>34,709</u>
Net capital expenses		
Total operating expenses	\$ <u>6,845,524</u>	\$ <u>5,022,773</u>

See independent auditor's report.

(Concluded)

SUPPLEMENTAL DATA
(Unaudited)

Village of Itasca, Illinois
LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BONDS, SERIES 2008B - VILLAGE PORTION
April 30, 2014

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
2015	\$ 630,000	\$ 130,037	\$ 760,037	2014	\$ 65,019	2014	\$ 65,018
2016	645,000	107,988	752,988	2015	53,994	2015	53,994
2017	675,000	83,800	758,800	2016	41,900	2016	41,900
2018	700,000	56,800	756,800	2017	28,400	2017	28,400
2019	720,000	28,800	748,800	2018	14,400	2018	14,400
	<u>\$ 3,370,000</u>	<u>\$ 407,425</u>	<u>\$ 3,777,425</u>		<u>\$ 203,713</u>		<u>\$ 203,712</u>

See independent auditor's report.

Village of Itasca, Illinois
LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION REFUNDING, SERIES 2010
April 30, 2014

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
2015	\$ 485,000	\$ 206,000	\$ 691,000	2014	\$ 103,000	2014	\$ 103,000
2016	505,000	186,600	691,600	2015	93,300	2015	93,300
2017	525,000	166,400	691,400	2016	83,200	2016	83,200
2018	550,000	145,400	695,400	2017	72,700	2017	72,700
2019	570,000	123,400	693,400	2018	61,700	2018	61,700
2020	595,000	100,600	695,600	2019	50,300	2019	50,300
2021	615,000	76,800	691,800	2020	38,400	2020	38,400
2022	640,000	52,200	692,200	2021	26,100	2021	26,100
2023	665,000	26,600	691,600	2022	13,300	2022	13,300
	<u>\$ 5,150,000</u>	<u>\$ 1,084,000</u>	<u>\$ 6,234,000</u>		<u>\$ 542,000</u>		<u>\$ 542,000</u>

See independent auditor's report.

Village of Itasca, Illinois
LONG-TERM DEBT REQUIREMENTS
SPECIAL SERVICE AREA BONDS, SERIES 2006
April 30, 2014

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
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>\$ 555,000</u>	<u>\$ 131,492</u>	<u>\$ 686,492</u>		<u>\$ 65,746</u>		<u>\$ 65,746</u>

See independent auditor's report.

Village of Itasca, Illinois
LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION CERTIFICATES, SERIES 2009A
April 30, 2014

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
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>\$ 23,670,000</u>	<u>\$ 25,276,956</u>	<u>\$ 48,946,956</u>		<u>\$ 12,638,478</u>		<u>\$ 12,638,478</u>

See independent auditor's report.

Village of Itasca, Illinois
LONG-TERM DEBT REQUIREMENTS
SPECIAL SERVICE AREA BONDS, SERIES 2014
April 30, 2014

Date of Issue	February 11, 2014
Date of Maturity	December 15, 2033
Authorized Issue	\$ 3,340,000
Denomination of Bonds	\$ 5,000
Interest Rates	4.50%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
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	June 15	Amount	December 15	Amount
2015	\$ 130,000	\$ 123,580	\$ 253,580	2014	\$ -	2014	\$ 123,580
2016	110,000	144,450	254,450	2015	72,225	2015	72,225
2017	115,000	139,500	254,500	2016	69,750	2016	69,750
2018	120,000	134,325	254,325	2017	67,162	2017	67,162
2019	125,000	128,925	253,925	2018	64,463	2018	64,463
2020	130,000	123,300	253,300	2019	61,650	2019	61,650
2021	140,000	117,450	257,450	2020	58,725	2020	58,725
2022	145,000	111,150	256,150	2021	55,575	2021	55,575
2023	150,000	104,625	254,625	2022	52,312	2022	52,312
2024	155,000	97,875	252,875	2023	48,938	2023	48,938
2025	165,000	90,900	255,900	2024	45,450	2024	45,450
2026	170,000	83,475	253,475	2025	41,738	2025	41,738
2027	180,000	75,825	255,825	2026	37,913	2026	37,913
2028	185,000	67,725	252,725	2027	33,863	2027	33,863
2029	195,000	59,400	254,400	2028	29,700	2028	29,700
2030	205,000	50,625	255,625	2029	25,312	2029	25,312
2031	215,000	41,400	256,400	2030	20,700	2030	20,700
2032	225,000	31,725	256,725	2031	15,862	2031	15,862
2033	235,000	21,600	256,600	2032	10,800	2032	10,800
2034	245,000	11,025	256,025	2033	5,512	2033	5,512
	<u>\$ 3,340,000</u>	<u>\$ 1,758,880</u>	<u>\$ 5,098,880</u>		<u>\$ 817,650</u>		<u>\$ 941,230</u>

See independent auditor's report.

Village of Itasca, Illinois
SCHEDULE OF INSURANCE IN FORCE
April 30, 2014

<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Expiration Date</u>	<u>Insurance Company</u>
Commercial Property		5/1/2014	Federal Insurance Company
Building and Contents	\$29,101,149		
Business Income Including Extra Expense	562,380		
Monies and Securities	50,000		
General Liability		5/1/2014	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		5/1/2014	American Automobile
Liability	1,000,000		
Personal Injury Protection	N/A		
Uninsured Motorist	1,000,000		
Underinsured Motorist	1,000,000		
Umbrella		5/1/2014	American Alternative Ins. Co.
Liability	9,000,000		
Annual Aggregate	9,000,000		
Retained Limit	10,000		
Workers' Compensation		12/15/2014	Illinois Public Risk Fund
Each Accident	2,500,000		
Disease - Policy Limit	2,500,000		
Disease - Each Employee	2,500,000		
Law Enforcement Liability		5/1/2014	Clarendon Insurance Co.
Annual Aggregate	3,000,000		
Each Person/Each Wrongful Act	1,000,000		
Public Officials' and Employment Liability		5/1/2014	Clarendon Insurance Co.
Annual Aggregate	3,000,000		
Each Wrongful Act	1,000,000		

See independent auditor's report.

Village of Itasca, Illinois
SCHEDULE OF ASSESSED VALUATIONS, TAX RATES, AND TAX EXTENSIONS
April 30, 2014

	<u>2013</u>	<u>2012</u>
Residential	\$ 222,443,542	\$ 242,912,083
Farms	11,974	10,890
Commercial	140,820,800	150,714,120
Industrial	<u>162,870,496</u>	<u>171,702,060</u>
	<u>\$ 526,146,812</u>	<u>\$ 565,339,153</u>

	<u>2013</u>		<u>2012</u>	
<u>Levy</u>	<u>Rate Extended</u>	<u>Taxes Extended</u>	<u>Rate Extended</u>	<u>Taxes Extended</u>
Corporate	0.2513	\$ 1,322,207	0.2378	\$ 1,344,377
Bond and interest	0.1459	767,648	0.1358	767,731
Police pension	0.1285	676,099	0.1011	571,558
Public benefit	<u>-</u>	<u>-</u>	<u>0.0064</u>	<u>36,182</u>
Total	<u>0.5257</u>	<u>\$ 2,765,954</u>	<u>0.4811</u>	<u>\$ 2,719,848</u>

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 2012 and 2013 were \$84,873 and \$344,154, respectively.

Village of Itasca, Illinois

LEGAL DEBT MARGIN

April 30, 2014

Assessed Valuation - 2014	\$ <u>526,146,812</u>
Legal Debt Limit - 8.625% of Assessed Valuation	\$ 45,380,163
Amount of Debt Applicable to Debt Limit	
Village's general obligation debt	<u>10,140,000</u>
Legal Debt Margin	\$ <u>35,240,163</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."