



VILLAGE OF ITASCA, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2018



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VILLAGE OF ITASCA, ILLINOIS
TABLE OF CONTENTS

	<u>Page(s)</u>
INTRODUCTORY SECTION	
Principal Officials	i
Transmittal Letter.....	ii-vi
Organization Chart.....	vii
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	1-3
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Management’s Discussion and Analysis.....	MD&A 1-15
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position.....	4-5
Statement of Activities	6-7
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	8
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position.....	9
Statement of Revenues, Expenditures, and Changes in Fund Balances	10
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Governmental Activities in the Statement of Activities	11
Proprietary Fund	
Statement of Net Position	12
Statement of Revenues, Expenses, and Changes in Net Position.....	13
Statement of Cash Flows	14

VILLAGE OF ITASCA, ILLINOIS
TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

Fiduciary Fund

Statement of Fiduciary Net Position..... 15

Statement of Changes in Fiduciary Net Position..... 16

Notes to Financial Statements 17-52

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual - General Fund 53

Notes to Required Supplementary Information 54

Illinois Municipal Retirement Fund

Schedule of Employer Contributions 55

Schedule of the Village's Proportionate Share of the Net Pension Liability 56

Police Pension Fund

Schedule of Employer Contributions 57

Schedule of Changes in the Employer's Net Pension Liability
and Related Ratios 58

Schedule of Investment Returns 59

Other Postemployment Benefit Plan

Schedule of Funding Progress 60

Schedule of Employer Contributions 61

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

Schedule of Expenditures - Budget and Actual - General Fund 62-69

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Capital Projects Fund 70

VILLAGE OF ITASCA, ILLINOIS
TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES (Continued)**

NONMAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet	71-72
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	73-74
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Motor Fuel Tax Fund.....	75
Hotel Tax Fund.....	76
General Obligation 2008 Debt Service Fund	77
Spring Lake Special Service Area Debt Service Fund.....	78
Hamilton Lakes Special Service Area Debt Service Fund.....	79
Spring Lake Special Service Area Capital Projects Fund	80
CMD Special Service Area Capital Projects Fund.....	81
Hamilton Lakes Special Service Area Capital Projects Fund	82
Old Thorndale Special Service Area Capital Projects Fund	83

MAJOR PROPRIETARY FUND

Schedule of Net Position - Water and Sewer Fund by Subaccount	84
Schedule of Revenues, Expenses, and Changes in Net Position - Water and Sewer Fund by Subaccount	85
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual - Water and Sewer Fund - Operating Subaccount.....	86
Schedule of Operating Expenses - Budget and Actual - Water and Sewer Fund - Operating Subaccount	87-89
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual - Water and Sewer Fund - Capital Subaccount	90

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	91-92
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VILLAGE OF ITASCA, ILLINOIS
TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

SUPPLEMENTAL DATA

Long-Term Debt Requirements	
General Obligation Bonds, Series 2008B - Village Portion.....	93
General Obligation Refunding Debt Certificate, Series 2010.....	94
Special Service Area Bonds, Series 2006	95
General Obligation Bonds, Series 2009A	96
Special Service Area Bonds, Series 2014	97
Schedule of Insurance in Force	98
Schedule of Assessed Valuations, Tax Rates, and Tax Extensions	99
Schedule of Legal Debt Margin	100
Net Position by Component	101-102
Change in Net Position	103-106
Fund Balances of Governmental Funds	107-108
Changes in Fund Balances of Governmental Funds	109-110
Assessed Value and Estimated Actual Value of Taxable Property.....	111
Legal Debt Margin Information	112
Direct and Overlapping Sales Tax Rates	113

INTRODUCTORY SECTION

VILLAGE OF ITASCA, ILLINOIS

PRINCIPAL OFFICIALS

April 30, 2018

LEGISLATIVE

Jeff Pruyn, President

Board of Trustees

Jeff Aiani

Marty Hower

Ellen Leahy

Michael Latoria

Frank Madaras

Lucy Santorsola

Jody Conidi, Clerk

ADMINISTRATIVE

Carie Anne Ergo, Village Administrator

Monika Adamski, Finance Director/Treasurer



December 10, 2018

To the Honorable Mayor, Members of the Village Board, and Citizens of the Village of Itasca, Illinois:

The annual report for the Village of Itasca, Illinois, for the year ended April 30, 2018 is hereby submitted. Responsibility for the accuracy of the data in this report and completeness of its presentation lies solely with the Village of Itasca' management. The Village has established internal controls that are designed to protect the municipality's assets from loss, theft and misuse and to compile total and reliable information. As the cost of internal control should not exceed its benefits, the controls in place have been designed to provide reasonable, rather than absolute assurance, that the financial statements presented are free from material misstatements. To the best of our knowledge, this financial report is accurate and complete in all material aspects and fairly reflects the Village's financial position and changes in financial position of the various funds of the Village and the Village as a whole.

We are pleased to report that independent audit firm Sikich LLP has issued an unmodified opinion on the Village of Itasca' financial statements for the year ended April 30, 2018. The independent auditor's report is located at the front of the financial section of this report.

Included with the financial statements is a narrative overview and analysis of the financial statements in the form of *Management Discussion and Analysis (MD&A)*. The MD&A complements this transmittal letter and should be read in conjunction with it. The financial statements include a view at the government-wide level, the fund level, and are supplemented by notes to the financial statements.

Profile of the Government

The Village of Itasca, incorporated in 1890, is located at the junction of Interstate 290, Veterans Memorial Tollway, and the Elgin-O'Hare Expressway. Itasca began with a population of 76, which has since grown to 9,416. The Village covers an area of approximately 5.1 square miles and is located in DuPage County, Illinois, approximately 23 miles northwest of Chicago. Itasca is an upscale, residential community that prides itself on the high quality of living it affords its residents. It also boasts a large Class A Office park and two manufacturing districts.

The Village is governed by a Board consisting of a mayor and six trustees, all of whom are elected at-large on a non-partisan basis. Policy-making and legislative authority are vested in the Village Board. The board is responsible for, but not limited to, passing ordinances, adopting the budget, appointing

committees, and hiring both the Village Administrator and Village Attorney. The Mayor is responsible for appointing the heads of various departments with the Village Board's consent. The Mayor is elected to serve a four-year term and the trustees serve four-year staggered terms, with three Board members elected every other two years. The elected officials collectively work as a unified Board, volunteer their time and resources to advance good government, and remain supportive of the professionals who run daily departmental operations of the Village government.

The Village Administrator is responsible for carrying out the policies and ordinances of the Village Board and for overseeing the day-to-day operations of the government. The Village of Itasca provides a full range of services, including but not limited to; administrative, financial, police protection, public works, snow plowing planning and zoning, economic development, a nature center, code enforcement, and community events. The Village also operates a water and sewer utility.

The annual budget serves as the foundation for the Village of Itasca's financial planning and control. The Village Board is required to adopt a final budget and appropriation ordinance by no later than July 31st. The budget is prepared by each departmental Director and submitted to the Finance Director and Village Administrator for review. It is reflected at a fund, function and activity level. After administrative review and adjustments, the budget is presented to the finance committee and the Village Board for final review. The Village Board holds a public hearing and may add to, subtract from, or change budgeted amounts. After the budget has been adopted, any revisions that alter the total expenditures of any fund requires special approval of the Village Board.

Local Economy and Finances

Itasca is a mature community located in the O'Hare Industrial corridor of the Chicago metropolitan area, with limited land for new development. Equalized assessed valuation, (EAV) of real property at the end of the fiscal year totaled \$631,126,929, an increase of 7.08% over previous year. At a rate of 33.3% of market value, the equalized assessed valuation translates into \$1.90 billion of investment in the community.

More than 500 businesses operate in the Village, many located in the industrial and business parks in the north part of Itasca. The Village has experienced a slight increase in collected sales tax revenue since the prior year and the Village is still actively seeking methods to attract and retain retailers. The Village is also moderately dependent on utility taxes that fluctuate with the weather and are often unpredictable. Additionally, due to the lack of state laws limiting Non-Home communities, it is difficult for communities to adjust for diminishing revenues such as telecommunications taxes. Telecommunications tax is steadily declining and is predicted to be obsolete in the next five to ten years unless Springfield allows municipalities to tax the data packages that are replacing landlines at record rates.

Income tax revenue collections have remained relatively consistent over the prior years. The Village has also experienced a decrease in permit revenue over that past several years and is predicting the revenue to be consistent in FYE 19. Although the economy is showing some signs of improvement, the Village remains vigilant in aggressively monitoring operating and capital expenditures to sustain its financial stability.

Long-term Financial Planning

In the fall of 2015, the Village of Itasca Mayor, Board of Trustees, Village Administrator, Village Clerk, Village Attorney, Village Engineer, Department Heads, and other key managerial staff participated in a Strategic Planning process. Prior to a two-day planning session, the elected officials and key personnel participated in a survey that led to talking points for the two-day in-person strategic planning sessions. Throughout the two-day strategic planning sessions, the selected participants of elected officials and key personnel participated in exercises to develop the Village's plan. The Village hired consultants to facilitate the Hoshin Planning model to guide the process.

One of the outcomes of the strategic planning sessions was the development of a GAP analysis to determine what are the drivers, the means and the desired outcome. The results were recorded as follows:

Driver: What the organization does to produce the outcome.

- Fiscal Sustainability. Maintain a positive financial position with a long-term perspective of achieving greater reliance on local revenue sources. Ensure that operating revenues and expenditures are in balance, while continuing to invest in critical infrastructure.
- Policies and Procedures. Village operations provide consistent, effective and efficient use of Village Resources.
- Intergovernmental Relations. Village will work with other government entities to meet our service and quality goals.

Means: How the organization produces the outcome.

- Economic Development. Maintain and promote a diverse and thriving business community.
- Staffing Priorities. Village values and prioritizes personnel initiatives.
- Infrastructure and Capital. Upgrade of Village Properties, resolution of the Waste Water Treatment Plant, and aesthetic issues.

Outcome: What is the desired result.

- ✓ Quality of Life. Residents and businesses have quiet enjoyment of their property.
- ✓ Resident Satisfaction. Establish initiatives to engage residents to determine needs and desires achieving satisfaction by beneficiaries.

The Village Board has a collective agreement that keeping fiscal sustainability, following policies and procedures, and pursuing intergovernmental relations are at the core of short-term and long-term decisions is what will drive the quality of life and resident satisfaction for the Village. The Village is dedicated to pursuing economic development opportunities, addressing staffing priorities and prioritizing improving infrastructure and capital as a means of obtaining the outcome.

The Village Board and staff have identified projects that are scheduled out for the next five years in order to move towards the desired outcome of resident satisfaction and quality of life. The Village has been proactive this year in working with other government entities in order to achieve these goals. Additionally, the Village has plans to adopt updated financial policies and procedures during FYE 19.

The Village Board and staff have developed a five-year Capital Improvement Plan that it updates and adopts each year prior to the start of the budget process.

The budget for the twelve months ended April 30, 2019 is balanced which is a critical component of fiscal sustainability. The focus for managing the 2019 budget will involve critically examining each line item searching for opportunities for cost savings and improved service. As a non-home rule community the Village is vulnerable to the impacts of declined revenue without sufficient means to raise revenues without voter approval, uncertainty of what Springfield could impose on local governments, both through unfunded mandates and reduced revenues, and pension expenses that are increasing at a rate faster than what we are able to collect through property tax increases due to PTELL. The Village Board's directive for the past several years indicated a strong Village commitment to annually increase our fund balances as a priority for long term financial health. The Village is pleased to report that as of April 30, 2018, the fund balance in the general fund is \$10,091,087, which is equal to 91% of the 2019 operating expenditure budget. This balance exceeds the Village's goal of 50% of the following year's annual operating budget.

Major Initiatives and Accomplishments

Construction on the Elgin-O'Hare Expressway (IL-390) through Itasca came to completion in FY2018, and the Village is doing all that it can to position itself to take advantage of this project now and into the future. The Village has joined forces ten western O'Hare suburbs to promote regional growth west of O'Hare through Access O'Hare West.

The Village of Itasca, through the Suburban O'Hare Commission and the O'Hare Noise Compatibility Commission, has been working with the FAA to update the plan on rotating the use of runways overnight to provide relief to those living under the runways that are frequently used. As a result of Itasca's advocacy efforts, the FAA finally installed a permanent noise monitor in our community. By securing a permanent noise monitor, the actual noise impacts in Itasca are now readily available to FAA officials as they make decisions about flight impacts.

Since its opening in 2011, there have been on-going issues with the function of the Waste Water Treatment Plan. In the fall of 2017, the Village Board approved borrowing up to \$6.5 million through Illinois Environmental Protection Agency's Revolving Fund at a rate of 1.32% to make necessary improvements and repairs to the Waste Water Treatment Plant. Construction began earlier this year and should be completed by next summer.

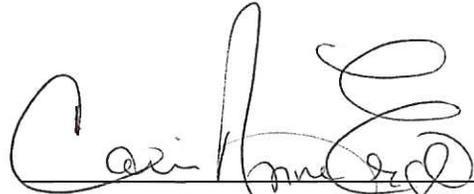
Two major new developments opened this past year in the Hamilton Lakes area. The Residences at Hamilton Lakes provides nearly 300 new luxury apartment units. The American Academy of Pediatrics opened its new 180,000 square foot office building in Itasca last November. Not only does the facility employ 450 people, it has a large training center, which will help to keep local hotels and restaurants busy.

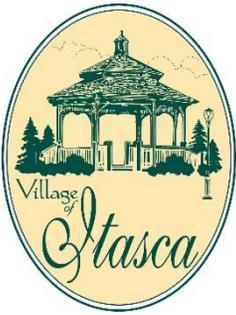
Acknowledgements

We express our appreciation to Mayor Pruyn and the Village Board of Trustees for their interest and support in planning and conducting the operations of the Village of Itasca in a responsible manner. The preparation of this report could not have been accomplished without the dedicated services of the Administration staff and the support of the team at Lauderbach and Amen. We would like to express our appreciation to all that assisted and contributed in the preparation of this report. We are pleased to present to you the Annual Financial Report as we continue to pursue our goal of operating municipal services with excellence and within a balanced budget.

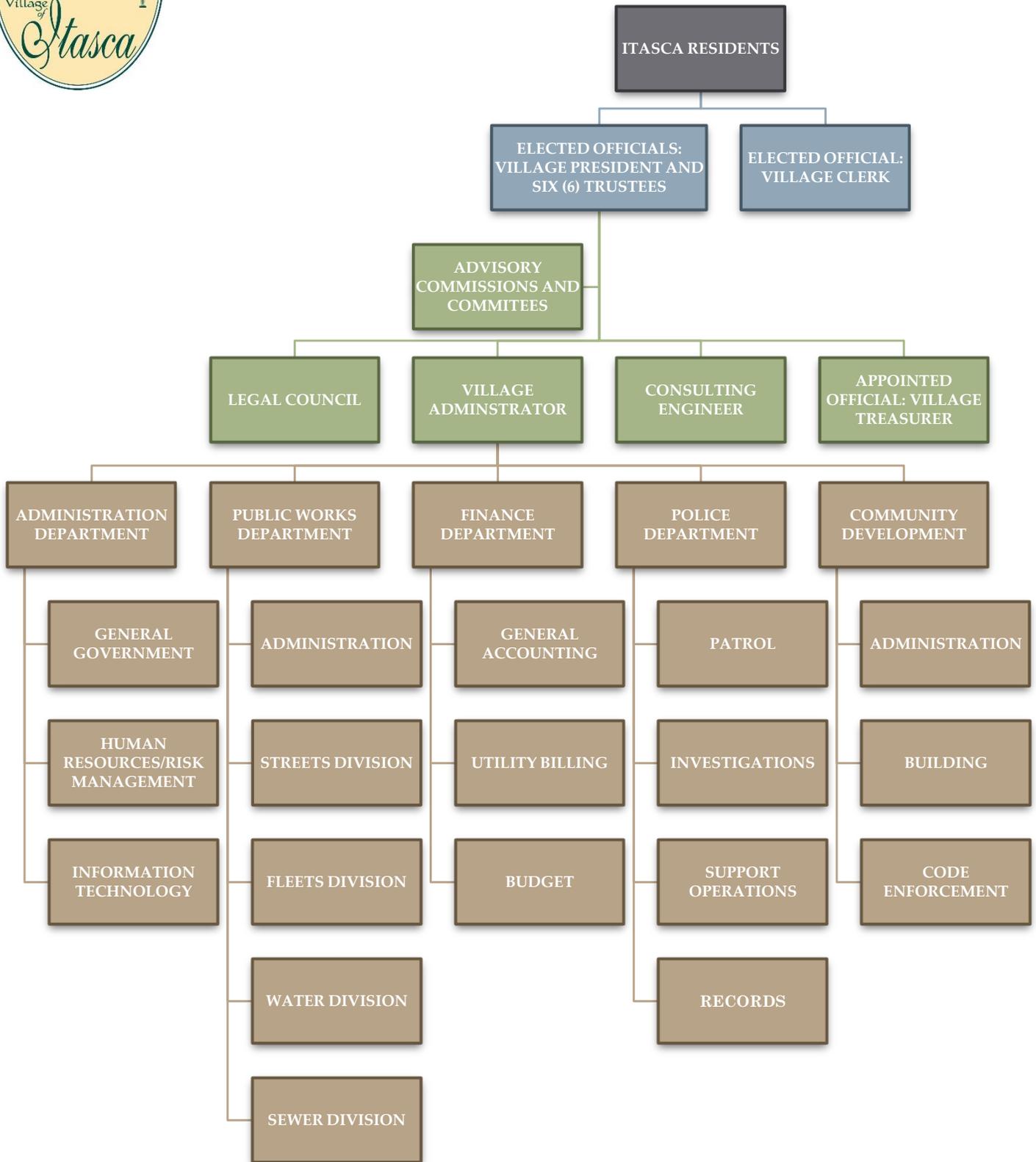
Respectfully Submitted,


Monika Adamski
Village Finance Director/Treasurer


Carie Anne Ergo
Village Administrator



VILLAGE OF ITASCA MUNICIPAL ORGANIZATION STRUCTURE



FINANCIAL SECTION

1415 West Diehl Road, Suite 400
Naperville, IL 60563
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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, 2018, and the related notes to financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2018, 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, combining and individual fund financial statements and schedules, and supplemental data are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 2018 on our consideration of the Village of Itasca, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Itasca, Illinois' internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
December 10, 2018

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

VILLAGE OF ITASCA, ILLINOIS
Management's Discussion and Analysis
For the Year Ended April 30, 2018

As the management of the Village of Itasca (the "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2018. Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Letter of Transmittal on pages ii through vi and the Village's financial statements beginning on page 3.

FINANCIAL HIGHLIGHTS

- Total Village's net position increased from \$84.0 million as of April 30, 2017 to \$87.1 million as of April 30, 2018.
- As of April 30, 2018, the unrestricted fund balance for the General fund balance was \$10.0 million or 93% of General Fund expenditures. This is down from \$10.3 million as of April 30, 2017 and 100% of General Fund expenditures.

USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT

In accordance with generally accepted accounting principles, the Village presents its financial statements so as to offer two perspectives of its financial position and results of operations. The government-wide perspective presents financial information for the government as a whole. The fund perspective involves the presentation of financial information for individual accounting entities established by the Village for specific purposes. The focus of the fund statements is on major funds. Both perspectives (government-wide and major fund) address likely user questions, provide a broad basis for comparison (year to year or government to government), and enhance the Village's accountability.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the aggregate difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. 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 or deteriorated.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as an event giving rise to the change occurs, regardless of the timing of the cash flows. Thus,

VILLAGE OF ITASCA, ILLINOIS
Management's Discussion and Analysis
For the Year Ended April 30, 2018

revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused sick leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, community development, and public works. The business-type activities of the Village include a water and sewer system. 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 required to adopt the library tax levy and the budget in the form of the appropriations ordinance. The library has a separate governing board that is elected, and therefore, the Village is not financially accountable for the Library because the Library is not a component unit. The financial information for the Library is reported separately from the financial information of the Village.

The government-wide financial statements can be found on pages 4-7 of this report.

Fund Financial Statements.

A fund is a grouping of related accounts that is used to maintain control over resources segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike governmental-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

VILLAGE OF ITASCA, ILLINOIS
Management's Discussion and Analysis
For the Year Ended April 30, 2018

The Village maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects Fund, which are considered to be "major" funds. Data from the other 11 governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

The basic government fund financial statements are presented on pages 8-11 of this report.

Proprietary funds. The Village maintains one proprietary fund, the enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its water and sewer utilities function. Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. As the proprietary funds are reported on a full accrual bases, the Village of Itasca fund statements for the Water and Sewer fund mirror the government-wide statements.

The basic proprietary fund financial statements are presented on pages 12-14 of this report.

Fiduciary funds. Fiduciary Funds are used to account for resources held for benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Village maintains one fiduciary fund: the Police Pension Fund.

The basic fiduciary fund financial statements are presented on pages 15-16 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 17 of this report.

VILLAGE OF ITASCA, ILLINOIS
Management's Discussion and Analysis
For the Year Ended April 30, 2018

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budget to actual comparisons for the General Fund and major governmental funds and the Village's progress in funding its obligation to provide pensions to its employees. Required supplementary information can be found on pages 53-61 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 62-90 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Position.

Table 1
Statement of Net Position
As of April 30, 2018 and 2017

	Governmental Activities		Business Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current & Other Assets	\$23,601,933	\$23,069,659	\$8,007,823	\$2,313,392	\$31,609,756	\$25,383,051
Capital Assets	80,852,144	83,234,151	42,443,751	42,833,363	123,295,895	126,067,514
Deferred Outflow of Resources	2,175,982	3,054,426	171,918	612,672	2,347,900	3,667,098
Total Assets and Deferred Outflows	106,630,059	109,358,236	50,623,492	45,759,427	157,253,551	155,117,663
Current Liabilities	3,312,489	3,449,842	3,060,796	2,013,771	6,373,285	5,463,613
Non-Current Liabilities	24,197,296	26,311,535	32,978,479	34,273,960	57,175,775	60,585,495
Deferred Inflow of Resources	5,774,191	5,100,345	830,388	16,855	6,604,579	5,117,200
Total Liabilities and Deferred Inflows	33,283,976	34,861,722	36,869,663	36,304,586	70,153,639	71,166,308
Net Position						
Net Investment in Capital Assets	75,511,028	76,396,437	8,596,642	8,912,440	84,107,670	85,308,877
Restricted	5,770,684	5,751,234	-	-	5,770,684	5,751,234
Unrestricted	(7,935,629)	(7,651,157)	5,157,187	542,401	(2,778,442)	(7,108,756)
Total Net Position	\$73,346,083	\$74,496,514	\$13,753,829	\$9,454,841	\$87,099,912	\$83,951,355

A large portion of the Village's net position, \$84,107,670 or 96.6 percent, reflects its investment in capital assets (for example, land, buildings and improvements, and equipment and vehicles), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

VILLAGE OF ITASCA, ILLINOIS
Management's Discussion and Analysis
For the Year Ended April 30, 2018

GOVERNMENT-WIDE FINANCAL ANALYSIS (cont.)

An additional portion, \$5,770,684 or 6.6 percent, of the Village's net position represents resources that are subject to external restrictions on how they may be used. As of April 30, 2018, the Village is reporting unrestricted net position of (\$2,778,442) or (3.2) percent. Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

Activities

The following table summarizes the revenue and expenses of the Village's activities.

Changes of Net Position						
For the Fiscal Year Ended April 30, 2018 and 2017						
	Governmental Activities		Business Type Activities		Total Primary Government	
REVENUES	2018	2017	2018	2017	2018	2017
Program Revenues						
Charges for Services	\$1,287,548	\$1,649,112	\$9,185,357	\$9,127,908	\$10,472,905	\$10,777,020
Grants and Contributions						
Operating	220,835	274,105	-	-	220,835	274,105
Capital	18,300	13,314	-	-	18,300	13,314
General Revenues						
Property Taxes	3,585,363	3,577,481	-	-	3,585,363	3,577,481
Other Taxes	9,532,100	8,928,596	440,224	444,939	9,972,324	9,373,535
Other	801,792	848,911	4,164,531	169,827	4,966,323	1,018,738
Total Revenues	15,445,938	15,291,519	13,790,112	9,742,674	29,236,050	25,034,193
EXPENSES						
General Government	3,078,537	3,501,654	-	-	3,078,537	3,501,654
Public Safety	6,037,115	6,699,549	-	-	6,037,115	6,699,549
Community Development	935,802	936,669	-	-	935,802	936,669
Public Works	5,862,683	5,134,979	-	-	5,862,683	5,134,979
Water and Sewer	-	-	9,818,624	9,926,958	9,818,624	9,926,958
Interest Expense	354,732	424,318	-	-	354,732	424,318
Total Expenses	16,268,869	16,697,169	9,818,624	9,926,958	26,087,493	26,624,127
Changes in Net Position before transfers	(822,931)	(1,405,650)	3,971,488	(184,284)	3,148,557	(1,589,934)
Transfers	(327,500)	-	327,500	-	-	-
Change in Net Position	(1,150,431)	(1,405,650)	4,298,988	(184,284)	3,148,557	(1,589,934)
Net Position, May 1	74,496,514	75,902,164	9,454,841	9,180,179	83,951,355	85,082,343
Prior Period Adjustment/Change in accounting principle	-	-	-	458,946	-	458,946
Net Position, May 1, restated	74,496,514	75,902,164	9,454,841	9,639,125	83,951,355	85,541,289
Net Position, April 30	\$ 73,346,083	\$ 74,496,514	\$ 13,753,829	\$ 9,454,841	\$ 87,099,912	\$ 83,951,355

VILLAGE OF ITASCA, ILLINOIS
Management's Discussion and Analysis
For the Year Ended April 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

The Village's combined net position increased by \$3.1 million from \$84.0 to \$87.1 million during 2018. This change is the result of \$1.1 million decrease and \$4.3 million increase in the net position of governmental activities and business-type activities, respectively. The change in net position was significantly impacted several years ago by the Village's implementation of Statement No. 68, Accounting and Financial Reporting for Pensions, of the Governmental Accounting Standards Board. These items pertain to the Village's participation in the Itasca Police Pension Fund, and Illinois Municipal Retirement Fund. Under previous financial reporting standards, the Village was only required to report its obligations to the pension funds as required supplementary information (i.e., the obligations did not affect the statement of net position).

For more detailed information, see the Statement of Net Position on pages 4 and 5.

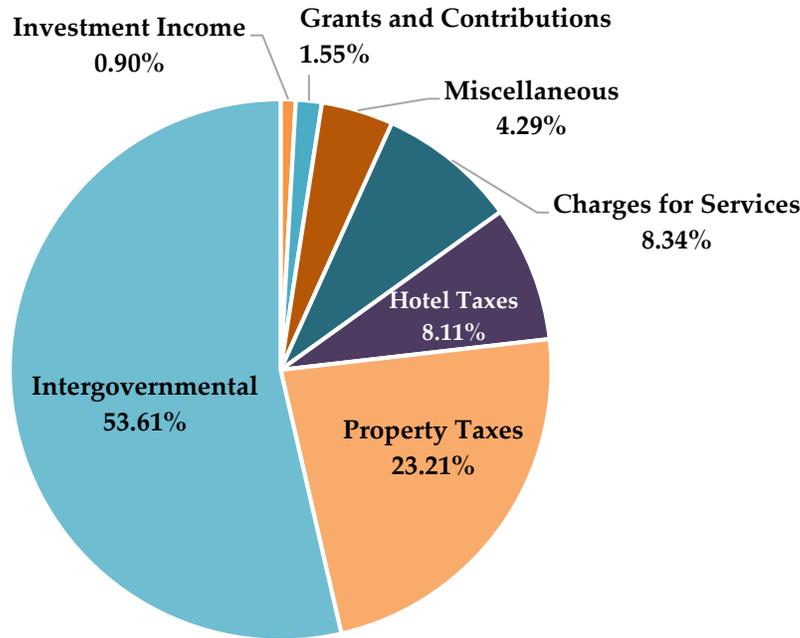
Governmental Activities

Revenues for governmental activities totaled \$15.4 million, while the cost of all governmental functions totaled \$16.3 million. This results in a decrease in net position before transfers of \$823 thousand. For the year ended April 30, 2017, revenues of \$15.3 million were less than expenses of \$16.7 million, resulting in a decrease in net position before transfers of \$1.4. The following table graphically depicts the major revenue sources of the Village. It depicts very clearly the reliance on property taxes and intergovernmental revenues and taxes to fund governmental activities.

VILLAGE OF ITASCA, ILLINOIS
Management's Discussion and Analysis
For the Year Ended April 30, 2018

Governmental Activities as of April 30, 2018

% of Revenues by Source

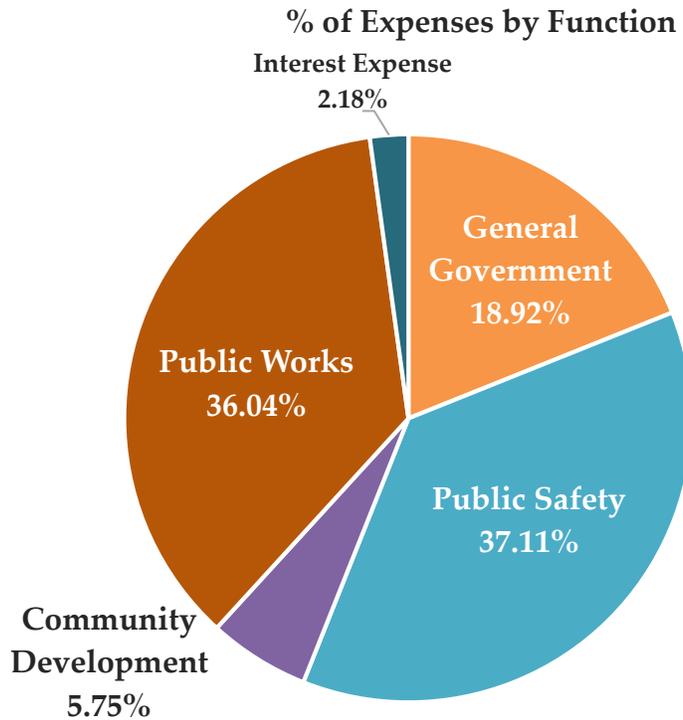


GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

FYE 2018 expenses for governmental activities totaled \$16.3 million, decreasing by \$0.4 million or 2.57% compared to FYE 2017 expenses.

Itasca's largest share of costs allocated to governmental activities was in the area of Public Safety (law enforcement), accounting for 37.11% of total governmental expenses. This was followed by Public Works activities, making up 36.04% of total governmental spending, which includes Public Works operating and maintenance activities as well as the Village's infrastructure rehabilitation and replacement program. General Government activities round out total governmental activities at 18.92% which includes legislative boards and commissions, general administration, legal services, financial management, engineering services, employee relations, and building maintenance. Community Development, accounts for 5.75% of total government spending, and Interest Expense accounts for 2.18% of total government spending.

Governmental Activities as of April 30, 2018



GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

Business-Type activities

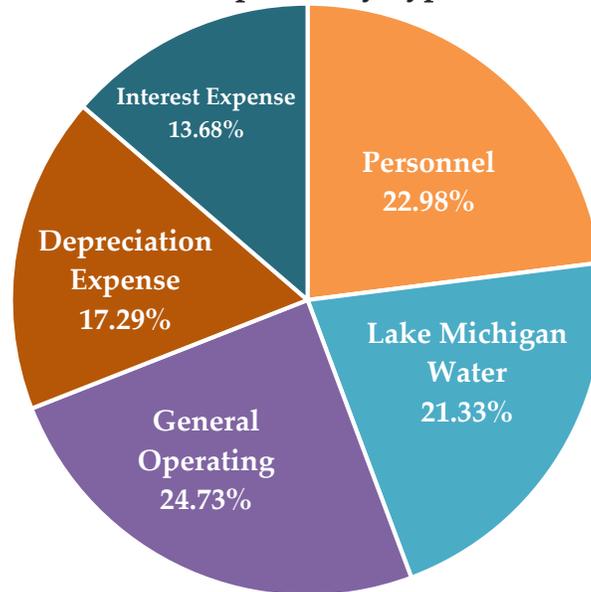
Business-Type activities posted total revenues of \$13.8 million, while the cost of all business-type activities totaled \$9.8 million. This results in an increase in net position before transfers of \$3.97 million. The primary reason for this increase is attributable to a favorable outcome in a legal settlement. For the year ended April 30, 2017, revenues of \$9.7 million, while the cost of all business-type activities totaled 9.9 million. This resulted in a decrease in net position before transfers of \$.2 million at April 30, 2017.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Itasca's total business-type activities are limited to the activities of its sole enterprise fund, the Water and Sewer Fund. Total expenses for water and sewer activities for FY2018 totaled \$9.8 million, a decrease of \$0.1 million or 1% from the prior year. Water and sewer activities include the purchase of Lake Michigan water through the Village's participation in the DuPage Water Commission, maintaining the Village's water distribution systems including mains, pumps, reservoirs, metering and billing, as well as, the maintenance of the Village's sanitary sewage collection system and its treatment at the Sewer Treatment Plan. Total system expenses can be categorized in the following manner:

Business Type Activities as of April 30, 2018

% of Expenses by Type



FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (cont.)

Governmental Funds

As noted earlier, the focus of fund reporting is the short-term inflow and outflow of expendable resources. Fund balance is a useful indicator in assessing available resources with respect to meeting future obligations.

At April 30, 2018 governmental funds reported combined fund balances of \$17.4 million. Of this amount, \$10.0 million is unassigned and is available for future obligations. About \$5.8 million is restricted, with \$2.7 million for tourism, generated by the hotel tax, \$2.4 million for capital projects and \$0.4 million for debt service. The remainder of restricted funds relate to public safety, and highway and streets.

Major Governmental Funds

The General Fund is the Village's primary operating fund and the largest source of day-to-day service delivery. For the fiscal year ended April 30, 2018, fund balance in the General Fund decreased by \$228,342. Change to fund balance is a combination of revenues of \$10.9 million compared to expenditures of \$10.8 million, adjusted for other financing sources and uses of a net (\$339,745). Other financing sources represent a transfer from the Hotel Tax Fund to support the operations of the Nature Center. After all activity and adjustments are accounted for, the General Fund has an ending fund balance of \$10.0 million.

VILLAGE OF ITASCA, ILLINOIS
Management's Discussion and Analysis
For the Year Ended April 30, 2018

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (cont.)

Proprietary Funds

The focus for the proprietary fund at the fund level is synonymous with that found at the government-wide level. Reporting is on a full-accrual basis with short-term and long-term emphasis on financial data. The Water and Sewer Fund is the sole proprietary fund for the Village of Itasca. This fund records all financial activity relating to the municipality's water and sewer operations. The Water and Sewer Fund provides the same type of information in the government-wide financial statements reflected as "Business-type" activities, but in more detail.

At April 30, 2018, net position of the proprietary fund totaled \$13.8 million. Cash and investments totaled \$7.1 million, an increase of \$4.7 million. Operating revenues increased .5% from the previous year to \$9.3 million. Operating expenses (including depreciation) of \$8.5 million were 1% lower than the previous year. As of January 1, 2017, the volumetric rate was increased and the fixed revenue rate structure was adjusted to bring in an additional \$500,000 annually to offset the predicted shortfall the fund would experience to meet the service demands to maintain and operate a water and sewer system. The projected rate increases are sufficient to account for a consistent decline of 2.5% in water usage, debt repayment, anticipated debt repayment of loans related to correcting the treatment plant, ongoing litigation and engineering expenses related to the treatment plant, increasing resources dedicated to capital expenditures, and to accumulate sufficient reserves to meet the funds current liabilities.

Fiduciary Funds

The Village's one single-employer pension plan experienced a net increase in the Net Position of \$494,231 in the fiscal year ended April 30, 2018. Deductions for benefits and other smaller items increased about 6%, from \$1.5 million in the prior year to \$1.6 million this year. As of April 30th, total assets were \$15.6 million.

VILLAGE OF ITASCA, ILLINOIS
Management's Discussion and Analysis
For the Year Ended April 30, 2018

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (cont.)

General Fund Budgetary Highlights

The original budget for the General Fund and actual expenditures did not exceed the budgeted amount. The General Fund was budgeted to use fund reserves of \$0.3 million in FYE 2018, with revenues at \$10.6 million and expenses at \$10.9 million. Revenues in the general fund were \$0.3 million over budget. The majority of the increase is due to favorable budget variances in Intergovernmental of \$489,952. Expenditures in the general fund were \$0.1 million under the budget, mainly due to continued cost reduction efforts.

General Fund Budgetary Highlights
Fiscal Year Ended April 30, 2018

	Final Budget	Actual
REVENUES		
Taxes	\$2,631,290	\$2,619,897
Licenses and permits	914,690	854,757
Intergovernmental	6,026,019	6,515,971
Charges for Services	182,500	170,948
Fines and foreits	257,000	261,843
Other revenue	556,611	469,305
Total revenues	10,568,110	10,892,721
EXPENDITURES		
General Government	\$2,150,260	\$2,115,593
Public safety	5,347,449	5,179,348
Community Development	1,173,276	873,106
Public works	1,547,950	1,917,068
Debt Services	696,203	696,203
Total expenditures	10,915,138	10,781,318
OTHER FINANCING SOURCES (USES)		
Transfers (out)	(478,750)	(478,750)
Transfers in	229,523	139,005
Total other financing sources (uses)	(249,227)	(339,745)
Net Change in Fund Balance	\$(596,255)	\$ (228,342)
Fund Balance, May 1		10,319,429
Fund Balance, April 30		\$ 10,091,087

VILLAGE OF ITASCA, ILLINOIS
Management's Discussion and Analysis
For the Year Ended April 30, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Village's investment in capital assets for both its governmental and business-type activities as of April 30, 2018 is \$123.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles and equipment, infrastructure, sewer lines, water lines, water towers, water wells and water treatment facilities as well as intangible assets. The following schedule reflects the Village's capital asset balances as of April 30, 2018.

	Capital Assets Net of Accumulated Depreciation					
	Governmental Activities		Business Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land and improvements	\$40,473,800	\$40,473,800	\$1,335,645	\$1,335,645	\$41,809,445	\$41,809,445
Construction in progress	-	-	1,058,961	-	1,058,961	-
Capital Assets, being depreciated						
Building & Improvements	12,202,699	12,442,326	-	-	12,202,699	12,442,326
Machinery and Equipment	632,939	308,029	474,725	444,742	1,107,664	752,771
Transportation equipment	496,261	493,593	-	-	496,261	493,593
Infrastructure	27,046,445	29,516,403	-	-	27,046,445	29,516,403
Water and sewer systems			39,574,420	41,052,976	39,574,420	41,052,976
Total Capital Assets, being depreciated	40,378,344	42,760,351	40,049,145	41,497,718	80,427,489	84,258,069
Total	\$80,852,144	\$83,234,151	\$42,443,751	\$42,833,363	\$123,295,895	\$126,067,514

Capital additions for the year totaled \$537,258 for governmental funds and \$249,145 for the business-type activities of the water and sewer fund, not including \$1.1 million of construction in progress.

Additional information on the Village's capital assets is presented in the notes to the basic financial statements on pages 28 and 29.

VILLAGE OF ITASCA, ILLINOIS
Management's Discussion and Analysis
For the Year Ended April 30, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION (cont.)

Long-term debt

During the fiscal year, bonded debt was decreased by \$1.8 million. At the end of the fiscal year, the Village had total bonded debt outstanding of \$41.6 million. Of this amount, \$4.9 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, 2018, the Village general obligation debt represented .77% of the equalized assessed value.

Long-Term Debt Outstanding

	Governmental Activities		Business Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$1,770,000	\$2,620,000	\$ 22,230,000	\$ 22,610,000	\$ 24,000,000	\$ 25,230,000
General Fund Refunding Certificates	3,085,000	3,635,000	-	-	3,085,000	3,635,000
Special Service Area Bonds	3,170,000	3,355,000	-	-	3,170,000	3,355,000
IEPA Loan	-	-	11,391,114	11,250,000	11,391,114	11,250,000
Bonded Debt Total	8,025,000	9,610,000	33,621,114	33,860,000	41,646,114	43,470,000
Compensated Absences	620,920	627,300	162,849	159,163	783,769	786,463
Net postemployment benefit obligation	28,835	28,188	-	-	28,835	28,188
Net pension liability	17,064,223	17,485,532	302,650	1,339,793	17,366,873	18,825,325
Other	208,245	256,080	58,151	60,920	266,396	317,000
Combined LT Debt Total	17,922,223	18,397,100	523,650	1,559,876	18,445,873	19,956,976
Total	\$25,947,223	\$28,007,100	\$34,144,764	\$35,419,876	\$60,091,987	\$63,426,976

Bond Ratings

During the spring of 2016, the Village was able to maintain its Aa2, very strong credit position, bond rating from Moody's. Maintaining the Aa2 stable was based on the following factors:

- Robust financial position
- Strong socioeconomic profile
- Solid tax base
- Mid-ranged debt liability and sizable pension burden

Additional information on the Village's long-term debt is presented in the notes to the basic financial statements on pages 29 to 32.

VILLAGE OF ITASCA, ILLINOIS
Management's Discussion and Analysis
For the Year Ended April 30, 2018

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, sales taxes and utility sales.

- The Village is directly impacted by the financial condition of the State of Illinois. The political environment in Springfield is being closely monitored for legislation that could reduce or eliminate the shared revenue, and in turn impact the level of service to the residents.
- The Illinois Department of Revenue certified the CPI used for calculating the Village's 2017 tax Levy to be 2.1%. Any increase in CPI along with the value of new construction will be used to offset the growing cost of funding for the police pension fund for the Village. The Village has been impacted by actuarial assumption changes in the calculation of the Annual Required Contribution (ARC). The increases in the ARC have been higher than the combined CPI and new construction, as a result, has decreased the portion of the property tax levy available for operations since 2017.
- The Village has a strong reliance on sales tax revenue. The Village will continue to monitor economic trends relating to retail sales and adjust forecasts/spending as appropriate.
- Within the fiscal year, the Village approved one new contract with sworn police personnel with average annual wage increases of 2-3%. The Village will work towards negotiating reasonable salary and benefit increases that are predicted to be in-line with market conditions, allowing for increased stability in the operating budget of the village.

The above factors were taken into consideration for funding and planning purposes for current and future fiscal years. At April 30, 2018 the unrestricted fund balance of the General Fund was 93% of total expenditures of the current year, well above the current practiced policy of 50%.

As we have done in the past, regardless of what adverse actions against municipal revenues may result from Springfield, we are prepared to take actions necessary to ensure we are able to continue to operate within our means while meeting the service needs of the community.

The Water/Sewer Fund had cash and investments of \$7.1 million as of April 30, 2018. The fund also had unrestricted net position of \$5.2 million. The Village monitors both revenues and expenses to determine the rate levels necessary to cover the maintenance and long term replacement infrastructure needs of the Water/Sewer Fund. The Village Board approved a rate increase plan, with increases effective January 1st of each year.

VILLAGE OF ITASCA, ILLINOIS
Management's Discussion and Analysis
For the Year Ended April 30, 2018

CONTACTING THE VILLAGE'S FINANCIAL MANGEMENT

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. Questions concerning this report or requests for additional information, should be directed to Carie Anne Ergo, Village Administrator, Village of Itasca, 550 N. Irving Park Road, Itasca, IL.

VILLAGE OF ITASCA, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 15,456,385	\$ 7,062,663	\$ 22,519,048
Receivables			
Property taxes	3,688,823	-	3,688,823
Accounts receivable	-	2,420,153	2,420,153
Sales taxes	1,283,360	-	1,283,360
Other	604,157	-	604,157
Due from library	1,094,215	-	1,094,215
Internal balances	1,474,993	(1,474,993)	-
Capital assets			
Capital assets not being depreciated	40,473,800	2,394,606	42,868,406
Capital assets being depreciated (net of accumulated depreciation)	40,378,344	40,049,145	80,427,489
Total assets	104,454,077	50,451,574	154,905,651
DEFERRED OUTFLOWS OF RESOURCES			
Pension items - IMRF	205,112	171,918	377,030
Pension items - Police Pension	1,943,742	-	1,943,742
Unamortized loss on refunding	27,128	-	27,128
Total deferred outflows of resources	2,175,982	171,918	2,347,900
Total assets and deferred outflows of resources	106,630,059	50,623,492	157,253,551

(This statement is continued on the following page.)

VILLAGE OF ITASCA, ILLINOIS

STATEMENT OF NET POSITION (Continued)

April 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 639,681	\$ 1,538,796	\$ 2,178,477
Accrued payroll	88,045	22,878	110,923
Accrued interest	134,034	332,837	466,871
Unearned revenue	183,508	-	183,508
Escrow deposits	502,736	-	502,736
Due to library	5,592	-	5,592
Due to other governments	8,966	-	8,966
Noncurrent liabilities			
Due within one year	1,749,927	1,166,285	2,916,212
Due in more than one year	24,197,296	32,978,479	57,175,775
	27,509,785	36,039,275	63,549,060
DEFERRED INFLOWS OF RESOURCES			
Pension items - IMRF	990,722	830,388	1,821,110
Pension items - Police Pension	1,094,646	-	1,094,646
Property taxes	3,688,823	-	3,688,823
	5,774,191	830,388	6,604,579
	33,283,976	36,869,663	70,153,639
NET POSITION			
Net investment in capital assets	75,511,028	8,596,642	84,107,670
Restricted			
Public safety	40,131	-	40,131
Streets	229,601	-	229,601
Tourism	2,712,547	-	2,712,547
Debt service	353,087	-	353,087
Special service areas	2,435,318	-	2,435,318
Unrestricted (deficit)	(7,935,629)	5,157,187	(2,778,442)
TOTAL NET POSITION	\$ 73,346,083	\$ 13,753,829	\$ 87,099,912

See accompanying notes to financial statements.

VILLAGE OF ITASCA, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2018

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 3,078,537	\$ -	\$ -	\$ -
Public safety	6,037,115	297,328	-	-
Community development	935,802	854,757	-	18,300
Public works	5,862,683	135,463	220,835	-
Interest expense	354,732	-	-	-
Total governmental activities	16,268,869	1,287,548	220,835	18,300
Business-Type Activities				
Water and sewer	9,818,624	9,185,357	-	-
TOTAL PRIMARY GOVERNMENT	\$ 26,087,493	\$ 10,472,905	\$ 220,835	\$ 18,300

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
	Governmental Activities	Business-Type Activities	Total
	\$ (3,078,537)	\$ -	\$ (3,078,537)
	(5,739,787)	-	(5,739,787)
	(62,745)	-	(62,745)
	(5,506,385)	-	(5,506,385)
	(354,732)	-	(354,732)
	(14,742,186)	-	(14,742,186)
	-	(633,267)	(633,267)
	(14,742,186)	(633,267)	(15,375,453)
General Revenues			
Taxes			
Property	3,585,363	-	3,585,363
Hotel	1,252,114	-	1,252,114
Intergovernmental	8,279,986	440,224	8,720,210
Miscellaneous	663,313	4,151,940	4,815,253
Investment income	138,479	12,591	151,070
Transfers	(327,500)	327,500	-
Total	13,591,755	4,932,255	18,524,010
CHANGE IN NET POSITION	(1,150,431)	4,298,988	3,148,557
NET POSITION, MAY 1	74,496,514	9,454,841	83,951,355
NET POSITION, APRIL 30	\$ 73,346,083	\$ 13,753,829	\$ 87,099,912

See accompanying notes to financial statements.

VILLAGE OF ITASCA, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2018

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 8,533,579	\$ 1,328,292	\$ 5,594,514	\$ 15,456,385
Receivables				
Property taxes	2,387,480	-	1,301,343	3,688,823
Other	459,535	-	144,622	604,157
Sales taxes	873,263	410,097	-	1,283,360
Due from library	-	-	1,094,215	1,094,215
Advance to other funds	1,474,993	-	-	1,474,993
TOTAL ASSETS	\$ 13,728,850	\$ 1,738,389	\$ 8,134,694	\$ 23,601,933
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 579,372	\$ 50,473	\$ 9,836	\$ 639,681
Accrued payroll	88,045	-	-	88,045
Unearned revenue	65,572	117,936	-	183,508
Escrow deposits	502,736	-	-	502,736
Due to library	5,592	-	-	5,592
Due to other governments	8,966	-	-	8,966
Total liabilities	1,250,283	168,409	9,836	1,428,528
DEFERRED INFLOWS OF RESOURCES				
Property taxes	2,387,480	-	1,301,343	3,688,823
Unavailable revenue - due from other governments	-	-	1,094,215	1,094,215
Total deferred inflows of resources	2,387,480	-	2,395,558	4,783,038
Total liabilities and deferred inflows of resources	3,637,763	168,409	2,405,394	6,211,566
FUND BALANCES				
Restricted				
Public safety	40,131	-	-	40,131
Debt service	-	-	353,087	353,087
Highway and streets	-	-	229,601	229,601
Tourism	-	-	2,712,547	2,712,547
Special service areas	-	-	2,435,318	2,435,318
Unrestricted				
Assigned				
Capital projects	-	1,569,980	-	1,569,980
Unassigned (deficit)	10,050,956	-	(1,253)	10,049,703
Total fund balances	10,091,087	1,569,980	5,729,300	17,390,367
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 13,728,850	\$ 1,738,389	\$ 8,134,694	\$ 23,601,933

See accompanying notes to financial statements.

VILLAGE OF ITASCA, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

April 30, 2018

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 17,390,367
Amounts reported for governmental activities in the statements of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	80,852,144
Intergovernmental receivable from the Library is not unavailable revenue on the statement of net position	1,094,215
Premiums (discounts) on bonds are expensed in governmental funds but capitalized and amortized in the statement of net position	
Premium on issuance of bonds	(208,245)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
General obligation bonds	(1,770,000)
General obligation debt certificates	(3,085,000)
Special service area bonds	(3,170,000)
Unamortized loss on refunding	27,128
Accrued interest payable	(134,034)
Compensated absences	(620,920)
Net other postemployment benefit obligation	(28,835)
Net pension liability for the Illinois Municipal Retirement Fund is shown as a liability on the statement of net position	(361,086)
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings, and contributions subsequent to the measurement date for the Illinois Municipal Retirement Fund are recognized as deferred outflows and inflows of resources on the statement of net position	(785,610)
Net pension liability for the Police Pension Fund is shown as a liability on the statement of net position	(16,703,137)
Differences between expected and actual experiences, assumption changes, and net differences between projected, and actual earnings for the Police Pension Fund are recognized as deferred outflows and inflows of resources on the statement of net position	<u>849,096</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 73,346,083</u></u>

See accompanying notes to financial statements.

VILLAGE OF ITASCA, ILLINOIS

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

For the Year Ended April 30, 2018

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 2,298,789	\$ -	\$ 1,286,574	\$ 3,585,363
Hotel taxes	-	-	1,252,114	1,252,114
Licenses and permits	854,757	-	-	854,757
Intergovernmental	6,515,971	1,599,713	-	8,115,684
Food and beverage tax	321,108	-	-	321,108
Grants	18,300	-	220,835	239,135
Charges for services	170,948	-	-	170,948
Fines	261,843	-	-	261,843
Investment income	87,465	2,224	48,790	138,479
Miscellaneous	363,540	52,750	247,023	663,313
Total revenues	10,892,721	1,654,687	3,055,336	15,602,744
EXPENDITURES				
Current				
General government	2,115,593	-	744,918	2,860,511
Public safety	5,179,348	-	-	5,179,348
Community development	873,106	-	-	873,106
Public works	1,917,068	-	-	1,917,068
Debt service				
Principal	550,000	-	1,035,000	1,585,000
Interest and fiscal agent fees	146,203	-	265,410	411,613
Capital outlay	-	992,509	667,862	1,660,371
Total expenditures	10,781,318	992,509	2,713,190	14,487,017
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	111,403	662,178	342,146	1,115,727
OTHER FINANCING SOURCES (USES)				
Transfers in	139,005	270,000	64,250	473,255
Transfer (out)	(478,750)	-	(322,005)	(800,755)
Total other financing sources (uses)	(339,745)	270,000	(257,755)	(327,500)
NET CHANGE IN FUND BALANCES	(228,342)	932,178	84,391	788,227
FUND BALANCES, MAY 1	10,319,429	637,802	5,644,909	16,602,140
FUND BALANCES, APRIL 30	\$ 10,091,087	\$ 1,569,980	\$ 5,729,300	\$ 17,390,367

See accompanying notes to financial statements.

VILLAGE OF ITASCA, ILLINOIS

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

For the Year Ended April 30, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 788,227
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, they are capitalized and depreciated in the statement of activities	537,258
The repayment of the principal portion long-term debt is reported as an expenditure when due in governmental funds but as a decrease of principal outstanding in the statement of activities	1,585,000
Intergovernmental revenue from the Library is not revenue on the statement of activities	(156,806)
The change in the net pension liability for the Illinois Municipal Retirement Retirement Fund is reported only in the statement of activities	1,171,975
The change in deferred outflows and inflows of resources for the Illinois Municipal Retirement Fund is reported only in the statement of activities	(1,467,375)
The change in the net pension liability for the Police Pension Fund is reported only in the statement of activities	(750,666)
The change in deferred outflows and inflows of resources for the Police Pension Fund is reported only in the statement of activities	(1,393)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Depreciation	(2,919,265)
Change in compensated absences payable	6,380
Change in net other postemployment benefit	(647)
Amortization of bond premium	47,835
Amortization of loss on refunding	(16,229)
Change in accrued interest payable	25,275
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (1,150,431)</u></u>

See accompanying notes to financial statements.

VILLAGE OF ITASCA, ILLINOIS

STATEMENT OF NET POSITION
 PROPRIETARY FUND

April 30, 2018

	<u>Water and Sewer</u>
CURRENT ASSETS	
Cash and investments	\$ 7,062,663
Accounts receivable	2,420,153
	<hr/>
Total current assets	9,482,816
NONCURRENT ASSETS	
Capital assets	
Cost	71,575,718
Less accumulated depreciation	29,131,967
	<hr/>
Total noncurrent assets	42,443,751
	<hr/>
Total assets	51,926,567
DEFERRED OUTFLOWS OF RESOURCES	
Pension items - IMRF	171,918
	<hr/>
Total deferred outflows of resources	171,918
	<hr/>
Total assets and deferred outflows of resources	52,098,485
CURRENT LIABILITIES	
Accounts payable	1,538,796
Accrued payroll	22,878
Bonds and loans payable - current portion	1,150,000
Compensated absences payable	16,285
Accrued interest	332,837
	<hr/>
Total current liabilities	3,060,796
NONCURRENT LIABILITIES	
Advances from other funds	1,474,993
Bonds payable	21,888,151
IEPA loan payable	10,641,114
Compensated absences payable	146,564
Net pension liability	302,650
	<hr/>
Total noncurrent liabilities	34,453,472
DEFERRED INFLOWS OF RESOURCES	
Pension items - IMRF	830,388
	<hr/>
Total deferred inflows of resources	830,388
	<hr/>
Total liabilities and deferred inflows of resources	38,344,656
NET POSITION	
Net investment in capital assets	8,596,642
Unrestricted	5,157,187
	<hr/>
TOTAL NET POSITION	\$ 13,753,829
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See accompanying notes to financial statements.

VILLAGE OF ITASCA, ILLINOIS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND

For the Year Ended April 30, 2018

	<u>Water and Sewer</u>
OPERATING REVENUES	
Charges for services	
Water fees	\$ 4,657,335
Sewer fees	4,528,022
Miscellaneous	<u>151,940</u>
Total operating revenues	<u>9,337,297</u>
OPERATING EXPENSES EXCLUDING DEPRECIATION	
Salaries/stipends	1,680,624
Payroll taxes	283,994
Employee benefits	291,610
General operating	2,682,129
Repairs and maintenance	1,446,819
Professional services	180,352
Special services	111,924
Insurance	<u>100,660</u>
Total operating expenses excluding depreciation	<u>6,778,112</u>
OPERATING INCOME BEFORE DEPRECIATION	2,559,185
Depreciation	<u>1,697,718</u>
OPERATING INCOME	<u>861,467</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest expense	(1,342,794)
Other income	4,000,000
Bond stimulus payment	440,224
Investment income	<u>12,591</u>
Total non-operating revenues (expenses)	<u>3,110,021</u>
INCOME BEFORE TRANSFERS	<u>3,971,488</u>
TRANSFERS	
Transfer in	<u>327,500</u>
Total transfers	<u>327,500</u>
CHANGE IN NET POSITION	4,298,988
NET POSITION, MAY 1	<u>9,454,841</u>
NET POSITION, APRIL 30	<u><u>\$ 13,753,829</u></u>

See accompanying notes to financial statements.

VILLAGE OF ITASCA, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND

For the Year Ended April 30, 2018

	<u>Water and Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 9,276,626
Receipts from miscellaneous revenues	4,000,000
Payments to suppliers	(4,482,211)
Payments to employees	(2,053,742)
	<hr/>
Net cash from operating activities	6,740,673
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer in	327,500
	<hr/>
Net cash from noncapital financing activities	327,500
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(298,409)
Bond stimulus payment	440,224
IEPA loan principal payments	(750,000)
Bond principal payments	(382,769)
Interest paid on bonds payable	(1,347,164)
	<hr/>
Net cash from capital and related financing activities	(2,338,118)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	12,591
	<hr/>
Net cash from investing activities	12,591
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,742,646
CASH AND CASH EQUIVALENTS, MAY 1	2,320,017
	<hr/>
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 7,062,663
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NONCASH TRANSACTIONS	
Capital assets purchased in accounts payable	1,009,697
	<hr/>
TOTAL NONCASH TRANSACTIONS	\$ 1,009,697
	<hr/>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ 861,467
Adjustments to reconcile operating income to net cash used in operating activities	
Depreciation and amortization	1,697,718
Other non-operating revenues	4,000,000
Changes in assets and liabilities	
Accounts receivable	(60,671)
Accounts payable	39,673
Accrued payroll	(18,344)
Compensated absences	3,686
Pension items - IMRF	217,144
	<hr/>
NET CASH FROM OPERATING ACTIVITIES	\$ 6,740,673
	<hr/>

See accompanying notes to financial statements.

VILLAGE OF ITASCA, ILLINOIS

**STATEMENT OF FIDUCIARY NET POSITION
POLICE PENSION TRUST FUND**

April 30, 2018

ASSETS

Cash and short-term investments	\$	17,707
Investments, at fair value		
Mutual funds		8,759,315
U.S. Treasury securities		2,272,581
U.S. agency securities		527,206
Corporate bonds		1,980,159
Corporate equity securities		1,507,884
Money market mutual funds		455,317
Receivables (net, where applicable, of allowances for uncollectibles)		
Accrued interest		28,409
Prepays		<u>18,445</u>
 Total assets		 15,567,023

LIABILITIES

Accounts payable		<u>3,805</u>
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**NET POSITION RESTRICTED
FOR PENSIONS**

\$ 15,563,218

See accompanying notes to financial statements.

VILLAGE OF ITASCA, ILLINOIS

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
POLICE PENSION TRUST FUND**

For the Year Ended April 30, 2018

ADDITIONS

Contributions

Employer contributions	\$ 1,168,415
Employee contributions	196,565

Total contributions	<u>1,364,980</u>
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Investment income

Interest and dividend income	441,559
Net increase in fair value of investments	<u>426,090</u>

Total investment income	867,649
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Less investment expense	<u>(108,924)</u>
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Net investment income	<u>758,725</u>
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Total additions	<u>2,123,705</u>
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DEDUCTIONS

Benefit payments	1,585,898
Administrative expenses	<u>43,576</u>

Total deductions	<u>1,629,474</u>
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NET INCREASE	494,231
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**NET POSITION RESTRICTED
FOR PENSIONS**

May 1	<u>15,068,987</u>
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April 30	<u><u>\$ 15,563,218</u></u>
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See accompanying notes to financial statements.

VILLAGE OF ITASCA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

1. 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, as applicable to governments (hereinafter referred to as generally accepted accounting principles (GAAP)). 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.

a. Reporting Entity

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

As required by GAAP, these financial statements present the Village and any component units. 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.

b. Fund Accounting

The Village uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Village functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

Governmental funds are used to account for all or most of the Village's general activities. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. 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 Village (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. The Village utilizes pension trust fund which is generally used to account for assets that the Village holds in fiduciary or on behalf of others as their agent.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these financial 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, segment, or program 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

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 and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays.

The Village reports the following major 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.

The Village reports the following fiduciary fund:

The Police Pension 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.

d. Measurement Focus, Basis of Accounting, and Basis of 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 and pension fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Non-operating revenue/expenses are incidental to the operations of these funds.

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales taxes and telecommunications taxes which use a 90-day period. The Village recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

Sales taxes owed to the state at year end; franchise 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. Income and motor fuel taxes and fines collected and held by the state or county at year end on behalf of the Village are also recognized as revenue. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

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 guidelines. Monies that are virtually unrestricted as to purpose of expenditure, which are usually revocable only for failure to comply with prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Village's proprietary funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

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.

The Village categorizes the fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

f. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

g. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund inventories, if any, are recorded as expenditures when purchased.

h. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report, if any, are recorded as prepaid items/expenses.

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. 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 acquisition 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	10-50
Machinery, vehicles, and equipment	7-10
Transportation equipment	10
Infrastructure	20-50
Water and sewer system	40

j. Compensated Absences

The Village's employees earn vacation leave pay, which generally must be taken within the next year following its accumulation. Nine 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 FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. 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.

l. Fund Balances/Net Position

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 use for a specific purpose, or externally imposed by outside entities. Committed fund balance is constrained by formal actions of the Village Board of Trustees, which is considered the Village's highest level of decision-making authority. Formal actions include ordinances approved by the Village Board of Trustees. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Village Administrator. Any residual fund balance of the General Fund or any deficit fund balance in other governmental funds are reported as unassigned.

The Village has not adopted a flow of funds policy and, therefore, applies the flow of funds from GASB Statement No. 54, which prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent 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. For net position, restricted funds are spent first then unrestricted funds.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the Village's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset.

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Fund Balances/Net Position (Continued)

None of the restricted net position or restricted fund balance results from enabling legislation adopted by the Village.

m. Interfund Transactions

Interfund services are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services and reimbursements, are reported as transfers.

n. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

o. 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.

2. COMPLIANCE - DEFICIT FUND EQUITY

The following fund had a deficit balance at April 30, 2018:

Fund	Deficit
General Obligation 2008 Fund	\$ 1,253

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEPOSITS AND INVESTMENTS

The Village's investment policy authorizes the Village to invest in all investments allowed by Illinois Compiled Statutes (ILCS). These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services. The Village's investment policy does limit its deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance.

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than market value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

Illinois Metropolitan Investment Fund (IMET) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold.

It is the policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, liquidity, and yield.

The Village maintains a cash and investment pool that is available for use by most funds. The deposits and investments of the Police Pension Fund are held separately from those of other funds. Each fund's portion of this pool is displayed on the financial statements as "cash and investments."

a. Deposits with Financial Institutions

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.

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEPOSITS AND INVESTMENTS (Continued)

b. Investments

As of April 30, 2018, the Village has the following investments and maturities in debt securities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-5
Illinois Metropolitan Investment Trust	\$ 1,440,531	\$ -	\$ 1,440,531
Negotiable CDs	3,988,932	2,871,608	1,117,324
TOTAL	\$ 5,429,463	\$ 2,871,608	\$ 2,557,855

c. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the market value of an investment. In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market.

d. Fair Value Measurements

The Village has the following recurring fair value measurements as of April 30, 2018. The negotiable certificates of deposit are valued using quoted matrix pricing models (Level 2 inputs). The IMET 1 to 3 Year Fund, a mutual fund, is measured based on the net asset value of the shares in IMET, which is based on the fair value of the underlying investments in the mutual fund (Level 3 input).

e. Credit Risk

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity: the Village primarily invests in negotiable certificates of deposit and external investment pools. The Illinois Funds, the money market mutual funds, and the Illinois Metropolitan Investment Fund are all rated AAA. The negotiable certificates of deposit are not rated but are covered by FDIC insurance up to \$250,000.

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEPOSITS AND INVESTMENTS (Continued)

f. 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. The Village investment policy requires third party safekeeping based on a written agreement.

g. Concentration of Credit Risk

Concentration of credit risk is the risk that the Village has a high percentage of their investments invested in one type of investment. 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; United States 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.

4. RECEIVABLES

a. Property Taxes

Property taxes for 2017 attached as an enforceable lien on January 1, 2017 on property values assessed as of the same date and are recorded as receivables and unavailable revenue at April 30, 2018. The levy is intended to finance operations of the next fiscal year. Taxes are levied by December 2017 (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, 2018. The County collects such taxes and remits them periodically. The 2018 tax levy, which attached as an enforceable lien on property as of January 1, 2018, has not been recorded as a receivable as of April 30, 2018 as the tax has not yet been levied by the Village and will not be levied until December 2018 and, therefore, the levy is not measurable at April 30, 2018.

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. RECEIVABLES (Continued)

b. Other Receivables

Other receivables consist of the following receivables at April 30, 2018:

GOVERNMENTAL ACTIVITIES	
Other miscellaneous receivables	\$ 15,540
Hotel tax	118,852
Food and Beverage tax	26,358
Utility tax	115,434
Telecommunication tax	209,962
Use tax	55,261
Cable TV Franchise fee	42,950
Motor Fuel tax	19,800
	<u>19,800</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 604,157</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2018 was as follows:

	Balances May 1	Increases	Decreases	Balances April 30
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 40,473,800	\$ -	\$ -	\$ 40,473,800
Total capital assets not being depreciated	<u>40,473,800</u>	<u>-</u>	<u>-</u>	<u>40,473,800</u>
Capital assets being depreciated				
Buildings and improvements	19,057,217	29,545	-	19,086,762
Machinery and equipment	1,088,048	396,703	-	1,484,751
Transportation equipment	1,926,354	111,010	-	2,037,364
Infrastructure	111,010,912	-	-	111,010,912
Total capital assets being depreciated	<u>133,082,531</u>	<u>537,258</u>	<u>-</u>	<u>133,619,789</u>
Less accumulated depreciation for				
Buildings and improvements	6,614,891	269,172	-	6,884,063
Machinery, vehicles, and equipment	780,019	71,793	-	851,812
Transportation equipment	1,432,761	108,342	-	1,541,103
Infrastructure	81,494,509	2,469,958	-	83,964,467
Total accumulated depreciation	<u>90,322,180</u>	<u>2,919,265</u>	<u>-</u>	<u>93,241,445</u>
Total capital assets being depreciated, net	<u>42,760,351</u>	<u>(2,382,007)</u>	<u>-</u>	<u>40,378,344</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 83,234,151</u>	<u>\$ (2,382,007)</u>	<u>\$ -</u>	<u>\$ 80,852,144</u>

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. CAPITAL ASSETS (Continued)

	Balances May 1	Increases	Decreases	Balances April 30
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land and improvements	\$ 1,335,645	\$ -	\$ -	\$ 1,335,645
Construction in progress	-	1,058,961	-	1,058,961
Total capital assets not being depreciated	1,335,645	1,058,961	-	2,394,606
Capital assets being depreciated				
Buildings and improvements	500,167	-	-	500,167
Equipment	1,935,957	132,864	-	2,068,821
Water and sewer system	66,495,843	116,281	-	66,612,124
Total capital assets being depreciated	68,931,967	249,145	-	69,181,112
Less accumulated depreciation for				
Buildings and improvements	500,167	-	-	500,167
Equipment	1,491,215	102,881	-	1,594,096
Water and sewer system	25,442,867	1,594,837	-	27,037,704
Total accumulated depreciation	27,434,249	1,697,718	-	29,131,967
Total capital assets being depreciated, net	41,497,718	(1,448,573)	-	40,049,145
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	\$ 42,833,363	\$ (389,612)	\$ -	\$ 42,443,751

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

GOVERNMENTAL ACTIVITIES

General government	\$ 156,971
Public safety	185,479
Community development	5,968
Public works	2,570,847

**TOTAL DEPRECIATION EXPENSE -
GOVERNMENTAL ACTIVITIES**

\$ 2,919,265

6. LONG-TERM DEBT

a. 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.

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

A summary of changes in long-term debt reported in the governmental activities of the Village for the year ended April 30, 2018 is as follows:

Governmental Activities

Issue	Interest Rate	Final Maturity Date	Beginning Balances, Restated	Additions	Retirements	Ending Balances	Due Within One Year
General obligation bonds	3.00% to						
Series 2008B	4.00%	12/15/2018	\$ 1,420,000	\$ -	\$ 700,000	\$ 720,000	\$ 720,000
Series 2008A	3.00% to						
	4.00%	12/15/2018	1,200,000	-	150,000	1,050,000	155,000
Plus amortized premium to:							
Series 2008B			37,478	-	5,353	32,125	5,353
Series 2008A			18,143	-	9,067	9,073	9,073
General fund refunding debt certificates							
Series 2010	2.00% to						
	4.00%	12/1/2022	3,635,000	-	550,000	3,085,000	570,000
Plus amortized premium							
Series 2010			200,459	-	33,412	167,047	33,409
Special service area bonds							
Series 2014	4.50%	12/15/2033	2,985,000	-	120,000	2,865,000	125,000
Series 2006	4.50%	12/15/2021	370,000	-	65,000	305,000	70,000
Compensated absences payable			627,300	56,350	62,730	620,920	62,092
Net postemployment benefit obligation			28,188	647	-	28,835	-
Net pension liability - IMRF			1,533,061	-	1,171,975	361,086	-
Police Pension			15,952,471	750,666	-	16,703,137	-
TOTAL GOVERNMENTAL ACTIVITIES			\$ 28,007,100	\$ 807,663	\$ 2,867,540	\$ 25,947,223	\$ 1,749,927

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

Business-Type Activities

Issue	Beginning Balances, Restated	Additions	Retirements	Ending Balances	Due Within One Year
General obligation bonds - Series 2009A	\$ 22,610,000	\$ -	\$ 380,000	\$ 22,230,000	\$ 400,000
IEPA loans					
EPA loan I	11,250,000	-	750,000	10,500,000	750,000
EPA loan II *	-	891,114	-	891,114	-
Unamortized bond premium	60,920	-	2,769	58,151	-
Compensated absences payable	159,163	162,849	159,163	162,849	16,285
Net pension liability - IMRF	1,339,793	-	1,037,143	302,650	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 35,419,876	\$ 1,053,963	\$ 2,329,075	\$ 34,144,764	\$ 1,166,285

*The IEPA loan has not been closed out by the IEPA and, therefore, no repayment schedule has been determined as of April 30, 2018

b. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Fiscal Year	Governmental Activities					
	General Obligation Bonds		Refunding Certificates		SSA Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 875,000	\$ 76,050	\$ 570,000	\$ 123,400	\$ 195,000	\$ 144,261
2020	165,000	40,275	595,000	100,600	205,000	135,170
2021	170,000	32,850	615,000	76,800	220,000	125,570
2022	180,000	25,200	640,000	52,200	225,000	115,230
2023	185,000	17,100	665,000	26,600	150,000	104,625
2024	195,000	8,775	-	-	155,000	97,875
2025	-	-	-	-	165,000	90,900
2026	-	-	-	-	170,000	83,475
2027	-	-	-	-	180,000	75,825
2028	-	-	-	-	185,000	67,725
2029	-	-	-	-	195,000	59,400
2030	-	-	-	-	205,000	50,625
2031	-	-	-	-	215,000	41,400
2032	-	-	-	-	225,000	31,725
2033	-	-	-	-	235,000	21,600
2034	-	-	-	-	245,000	11,025
TOTAL	\$ 1,770,000	\$ 200,250	\$ 3,085,000	\$ 379,600	\$ 3,170,000	\$ 1,256,431

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

b. Debt Service Requirements to Maturity (Continued)

Fiscal Year	Business-Type Activities			
	General Obligation Bonds		IEPA Loan	
	Principal	Interest	Principal	Interest
2019	\$ 400,000	\$ 1,331,350	\$ 750,000	\$ -
2020	420,000	1,312,350	750,000	-
2021	440,000	1,291,350	750,000	-
2022	470,000	1,268,910	750,000	-
2023	490,000	1,243,766	750,000	-
2024	520,000	1,217,060	750,000	-
2025	550,000	1,188,460	750,000	-
2026	580,000	1,158,210	750,000	-
2027	610,000	1,124,570	750,000	-
2028	640,000	1,089,190	750,000	-
2029	680,000	1,052,070	750,000	-
2030	720,000	1,012,630	750,000	-
2031	760,000	968,710	750,000	-
2032	1,190,000	922,350	750,000	-
2033	1,630,000	849,760	-	-
2034	1,730,000	750,330	-	-
2035	1,840,000	644,800	-	-
2036	1,950,000	530,720	-	-
2037	2,070,000	490,820	-	-
2038	2,200,000	281,480	-	-
2039	2,340,000	145,080	-	-
TOTAL	\$ 22,230,000	\$ 19,873,966	\$ 10,500,000	\$ -

7. INDIVIDUAL FUND DISCLOSURES

a. Advances To/From

As of April 30, 2018, major individual fund advances between funds were as follows:

Fund	Advance To	Advance From
General		
Water and Sewer	\$ 1,474,993	\$ -
Water and Sewer		
General	-	1,474,993
TOTAL	\$ 1,474,993	\$ 1,474,993

The General Fund has advanced the Water and Sewer Fund \$1,474,993 for Capital Projects. This advance will be repaid in future years.

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. INDIVIDUAL FUND DISCLOSURES (Continued)

b. Transfers In/Out

Individual interfund transfers during the fiscal year ended April 30, 2018 were as follows:

	Transfers In	Transfers Out
General	\$ -	\$ 411,750
Hotel Tax	-	250,000
Capital Projects	270,000	-
Nonmajor Governmental	64,250	-
Water and Sewer	327,500	-
	<hr/>	<hr/>
TOTAL	<u>\$ 661,750</u>	<u>\$ 661,750</u>

The transfer from the Hotel Tax Fund for \$250,000 and General Fund for \$20,000 were both to the Capital Projects Fund was to support capital projects. The General Fund transfer to the Water and Sewer Fund for \$327,500 was for capital projects. The General Fund transfer to the debt service fund of \$64,250 was for debt service.

8. CONTINGENT LIABILITIES

a. 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.

b. 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.

9. COMMITMENTS

a. DuPage Water Commission

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

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

10. 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 workers’ compensation and liability coverages.

The Village participates in the Intergovernmental Personnel Benefit Cooperative (IPBC). IPBC is a public entity risk pool established by certain units of local government in Illinois to administer some or all of the personnel benefit programs (primarily medical, dental and life insurance coverage) offered by these members to their officers and employees and to the officers and employees of certain other governmental, quasi governmental, and nonprofit public service entities.

IPBC maintains specific reinsurance coverage for claims in excess of \$50,000 per individual employee participant. The Village pays premiums to IPBC based upon current employee participation and its prior experience factor with the pool. Current year overages or underages for participation in the pool are adjusted into the subsequent years experience factor for premiums.

IPBC receives, processes, and pays such claims as may come within the benefit program of each member. Management consists of a Board of Directors comprised of one appointed representative from each member. In addition, there are two officers: a Benefit Administrator and a Treasurer. The Village does not exercise any control over the activities of IPBC beyond its representation on the Board of Directors.

11. TAX ABATEMENTS

The Village rebates sales taxes to recruit, retain, or improve local business facilities or their supporting public infrastructure under certain circumstances. The terms of these rebate arrangements are specified within written agreements with the businesses concerned.

The Village has an agreement with a local retailer based upon sales tax revenue generated and paid by this retailer during the calendar year. The Village will remit 40% of sales tax revenue in excess of \$376,373 paid by this retailer. The agreement expires on March 26, 2034 or when total payments to the retailer are \$1,000,000. As of and for the year ended April 30, 2018, a liability of \$58,244 has been accrued and payments of \$176,496 were made. As of April 30, 2018, the Village has incurred total incentives of \$451,122.

12. DEFINED BENEFIT PENSION PLANS

The Village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; and the Police Pension Plan, which is a single-employer pension plan. The benefits, benefit levels, employee contributions, and employer contributions for both plans are governed by ILCS and can only be amended by the Illinois General Assembly. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at www.IMRF.org. The Police Pension Plan also issues a separate report which is available on the Village's website at www.itasca.com/1913/Annual-Financial-Reports.

a. Plan Descriptions

Illinois Municipal Retirement Fund

Plan Administration

All employees (other than those covered by the Police Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. The plan is treated as a cost sharing plan by the Village and Itasca Community Library (the Library). Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Plan Membership

At December 31, 2017, most recent information available, IMRF membership consisted of:

Inactive plan members currently receiving benefits	64
Inactive plan members entitled to but not yet receiving benefits	49
Active plan members	<u>55</u>
 TOTAL	 <u><u>168</u></u>

The IMRF data included in the table above includes membership of both the Village and the Library.

Benefits Provided

All employees (other than those covered by the Police Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

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

IMRF also provides death and disability benefits. These benefit provisions and all are established by state statute.

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution for the year ended December 31, 2017 was 11.97% of covered payroll.

Actuarial Assumptions

The Village's net pension liability was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2017
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.75%
Salary increases	3.39% to 14.25%
Interest rate	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value

12. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Discount Rate

The discount rate used to measure the IMRF total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2017	\$ 24,283,469	\$ 20,810,532	\$ 3,472,937
Changes for the period			
Service cost	369,088	-	369,088
Interest	1,798,057	-	1,798,057
Difference between expected and actual experience	(834,947)	-	(834,947)
Changes in assumptions	(688,736)	-	(688,736)
Employer contributions	-	420,545	(420,545)
Employee contributions	-	167,555	(167,555)
Net investment income	-	3,651,058	(3,651,058)
Benefit payments and refunds	(987,837)	(987,837)	-
Other (net transfer)	-	(920,495)	920,495
Net changes	(344,375)	2,330,826	(2,675,201)
BALANCES AT DECEMBER 31, 2017	\$ 23,939,094	\$ 23,141,358	\$ 797,736

The table presented on the previous page includes amounts for both the Village and the Library. The Village's proportionate share of the net pension liability at January 1, 2017, the employer contributions, and net pension liability at December 31, 2017 was \$2,872,854, \$349,893, and \$663,736, respectively. The Library's proportionate share of the net pension liability at January 1, 2017, the employer contributions, and net pension liability at December 31, 2017 was \$600,083, \$70,652, and \$134,000, respectively.

Changes in assumptions related to mortality were made since the prior measurement date.

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended April 30, 2018, the Village recognized pension expense of \$873,630.

At April 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 277,351	\$ 599,923
Changes in assumption	5,649	522,246
Contributions made after measurement date	170,148	-
Net difference between projected and actual earnings on pension plan investments	-	1,066,601
TOTAL	<u>\$ 453,148</u>	<u>\$ 2,188,770</u>

The deferred outflows presented in the table above include amounts for both the Village and the Library. The Village's proportionate share of the deferred outflows and deferred inflows of resources at April 30, 2018 were \$377,030 and \$1,821,110, respectively. The Library's proportionate share of the deferred outflows and deferred inflows of resources at April 30, 2018 were \$47,537 and \$367,660, respectively.

The \$170,148 contributed after the measurement date of the plan will be recognized as a reduction of net pension liability for the fiscal year ending April 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized as pension expense by the Village as follows:

<u>Year Ending April 30,</u>	
2019	\$ (375,992)
2020	(468,634)
2021	(633,187)
2022	(427,957)
2023	-
Thereafter	-
TOTAL	<u>\$ (1,905,770)</u>

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the Village and the Library calculated using the discount rate of 7.50% as well as what the Village and the Library's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset) (Village)	\$ 3,230,876	\$ 663,716	\$ (1,445,163)
Net pension liability (asset) (Library)	652,388	134,020	(291,812)
Net pension liability (asset) (Total)	<u>\$ 3,883,264</u>	<u>\$ 797,736</u>	<u>\$ (1,736,975)</u>

Police Pension Plan

Plan Administration

Police sworn personnel are covered by the Police 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 (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the Village's Mayor, one member is elected by pension beneficiaries, and two members are elected by active police employees.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Plan Membership

At April 30, 2018, membership consisted of:

Inactive plan members currently receiving benefits	24
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>21</u>
 TOTAL	 <u><u>45</u></u>

Benefits Provided

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% 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% of the original pension, and 3% 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 ½ of the annual change in the Consumer Price Index or 3% 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% of such salary. Employees with at least ten years may retire at or after age 50

12. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided (Continued)

and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

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, including the costs of administering the plan, 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. However, the Village has been contributing 100% of the past service costs by 2040. For the year ended April 30, 2018, the Village's contribution was 57.80% of covered payroll.

Investment Policy

ILCS limits the Police Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds and The Illinois Funds. The Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds, corporate equity securities, and real estate investment trusts. The investment policy was not changed during the year.

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Policy (Continued)

The Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
U.S. Cash	3.00%	0.03%
U.S. Fixed Income	32.00%	(0.01%)
U.S. Large Cap Equity	12.00%	4.09%
U.S. Small/Mid Cap Equity	10.00%	4.99%
International Developed Markets Equity	11.50%	7.98%
Emerging Markets Equity	8.50%	6.57%
Real Estate	10.00%	5.20%
MLP's	4.00%	6.93%
Hedge Funds	5.00%	3.07%
US Corp High Yield FI	4.00%	1.62%

ILCS limits the Fund's investments in equities, mutual funds, and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation of 2.50%) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of April 30, 2018 are listed in the table above.

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Valuations

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at April 30 for debt securities, equity securities, and mutual funds and contract values for insurance contracts.

Investment Concentrations

There are no significant investments (other than United States Government guaranteed obligations) in any one organization that represent 5% or more of the Fund's investments.

Investment Rate of Return

For the year ended April 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policy does not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Fund's deposits with financial institutions.

Interest Rate Risk

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. agency securities	\$ 527,206	\$ -	\$ -	\$ 27,614	\$ 499,592
U.S. Treasury securities	2,272,581	441,628	1,006,377	330,669	493,907
Corporate bonds	1,980,159	60,206	495,723	1,077,939	346,291
TOTAL	\$ 4,779,946	\$ 501,834	\$ 1,502,100	\$ 1,436,222	\$ 1,339,790

12. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Interest Rate Risk (Continued)

Interest rate risk is the risk that change in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fund.

Fair Value Measurements

The Fund has the following recurring fair value measurements as of April 30, 2018. The money market mutual funds, mutual funds, and corporate equity securities are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. Treasury obligations, U.S. agency obligations, and corporate bonds are valued using quoted prices of similar securities (Level 2 inputs).

Credit Risk

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and investment grade corporate bonds rated by one of the two largest rating agencies. The U.S. agency obligations and corporate bonds are rated AA+ and CCC+ to AAA, respectively, by Standard and Poor's.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Fund requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment basis (DVP) with the underlying investment held in a third party custodial account. The money market mutual funds and equity mutual funds are not subject to custodial credit risk.

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation using the following actuarial methods and assumptions.

Actuarial valuation date	April 30, 2018
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	4.50%
Interest rate	7.55%
Cost of living adjustments	3.00% (Tier 1) 2.00% (Tier 2)
Asset valuation method	Market

Mortality rates were based on the RP 2014 Mortality Table (BCHA) projected to 2016 using improvement scale MP-2015. The other non-economic actuarial assumptions used in the April 30, 2018 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 7.55%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Village calculated using the discount rate of 7.55% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.55%) or 1 percentage point higher (8.55%) than the current rate:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
Net pension liability	\$ 21,059,477	\$ 16,703,137	\$ 13,119,164

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2017	\$ 31,021,458	\$ 15,068,987	\$ 15,952,471
Changes for the period			
Service cost	386,940	-	386,940
Interest	2,311,466	-	2,311,466
Difference between expected and actual experience	132,389	-	132,389
Changes of assumptions	-	-	-
Employer contributions	-	1,168,415	(1,168,415)
Employee contributions	-	196,565	(196,565)
Net investment income	-	758,725	(758,725)
Benefit payments and refunds	(1,585,898)	(1,585,898)	-
Administrative expense	-	(43,576)	43,576
Net changes	1,244,897	494,231	750,666
BALANCES AT APRIL 30, 2018	\$ 32,266,355	\$ 15,563,218	\$ 16,703,137

VILLAGE OF ITASCA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended April 30, 2018, the Village recognized police pension expense of \$1,920,474. At April 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to the Fund from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 232,338	\$ 1,094,646
Changes in assumption	774,010	-
Net difference between projected and actual earnings on pension plan investments	937,394	-
TOTAL	<u>\$ 1,943,742</u>	<u>\$ 1,094,646</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Fund will be recognized in pension expense as follows:

<u>Year Ending April 30,</u>	
2019	\$ 502,783
2020	502,783
2021	(256,748)
2022	100,278
2023	-
Thereafter	-
TOTAL	<u>\$ 849,096</u>

13. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

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

b. Benefits Provided

The Village provides postemployment health care and life insurance benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans.

All health care benefits are provided through the Village's health insurance plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the Village's plan becomes secondary.

c. Membership

At April 30, 2018, the most recent valuation performed, membership consisted of:

Retirees and beneficiaries currently receiving benefits	18
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>55</u>
TOTAL	<u><u>73</u></u>
Participating Employers	<u><u>1</u></u>

d. 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 FINANCIAL STATEMENTS (Continued)

13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016, 2017, and 2018 were as follows:

Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 108,497	\$ 108,913	100.40%	\$ 32,136
2017	112,868	116,815	103.50%	28,189
2018	106,708	106,061	99.39%	28,835

The net OPEB obligation (NOPEBO) as April 30, 2018, was calculated as follows:

Annual required contribution	\$ 106,628
Interest on net OPEB obligation	1,129
Adjustment to annual required contribution	<u>(1,049)</u>
Annual OPEB cost	106,708
Contributions made	<u>(106,061)</u>
Decrease in net OPEB obligation	647
Net OPEB obligation, beginning of year	<u>28,188</u>
NET OPEB OBLIGATION, END OF YEAR	<u><u>\$ 28,835</u></u>

Funded Status and Funding Progress. The funded status of the plan as of April 30, 2018, the most recent valuation performed, was as follows:

Actuarial accrued liability (AAL)	\$ 2,023,580
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	2,023,580
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 4,592,689
UAAL as a percentage of covered payroll	44.06%

Actuarial valuations of an ongoing plan involve 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 annual required contributions (ARC) of the employer are subject to continual

13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2018, actuarial valuation, most recent valuation date, the entry-age actuarial cost method was used. The actuarial assumptions included 4.00% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 7.70% with an ultimate healthcare cost trend rate of 5.00%. Both rates include a 2.50% inflation assumption. The actuarial value of assets was based on fair value at April 30, 2018. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open 30-year basis.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF ITASCA, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2018

	Original and Final Budget	Actual
REVENUES		
Property taxes	\$ 2,305,290	\$ 2,298,789
Licenses	144,690	148,815
Building and other permits	770,000	705,942
Intergovernmental		
Sales	2,700,000	3,390,782
Less incentives	(117,000)	(196,212)
State income	840,000	784,308
Replacement	91,000	98,084
Local use	220,019	228,720
Telecommunications	1,014,000	861,783
Utility tax	1,278,000	1,348,506
Food and beverage tax	326,000	321,108
Grants	23,697	18,300
Parking and other fees	182,500	170,948
Police fines and other receipts	257,000	261,843
Investment income	45,277	87,465
Miscellaneous	487,637	363,540
	<hr/>	<hr/>
Total revenues	10,568,110	10,892,721
EXPENDITURES		
Current		
General government		
Administrative	1,981,887	1,973,008
Nature center	168,373	142,585
Public safety	5,347,449	5,179,348
Community development	1,173,276	873,106
Public works	1,547,950	1,917,068
Debt service		
Principal	550,000	550,000
Interest and fiscal agent fees	146,203	146,203
	<hr/>	<hr/>
Total expenditures	10,915,138	10,781,318
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<hr/>	<hr/>
	(347,028)	111,403
OTHER FINANCING SOURCES (USES)		
Transfers in	229,523	139,005
Transfers (out)	(478,750)	(478,750)
	<hr/>	<hr/>
Total other financing sources (uses)	(249,227)	(339,745)
NET CHANGE IN FUND BALANCE	<hr/>	<hr/>
	\$ (596,255)	(228,342)
FUND BALANCE, MAY 1		<hr/>
		10,319,429
FUND BALANCE, APRIL 30		<hr/>
		\$ 10,091,087

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2018

LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS

The Village Board of Trustees 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 of Trustees. Public meetings are held to obtain citizen comment.
- b. The proposed budget is approved by motion of the Village Board of Trustees.
- c. An annual appropriation ordinance with the same level of revenues and expenditures 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 of Trustees.
- e. The Village Board of Trustees 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, Debt Service, Capital Projects, and Enterprise Funds. The General Obligation 2008 Fund had expenditures of \$962,030 with a budget of \$757,603.

VILLAGE OF ITASCA, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Three Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017	2018
Actuarially determined contribution	\$ 365,966	\$ 349,848	\$ 376,298
Contributions in relation to the actuarially determined contribution	365,966	349,848	376,298
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 3,106,255	\$ 2,913,041	\$ 3,096,736
Contributions as a percentage of covered-employee payroll	11.78%	12.01%	12.15%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior calendar year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 26 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.75% to 14.50% compounded annually, and inflation of 2.75%.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

**SCHEDULE OF THE VILLAGE'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Three Calendar Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017
Employer's proportion of net pension liability	83.39%	82.72%	83.20%
Employer's proportionate share of net pension liability	\$ 2,624,791	\$ 2,872,854	\$ 663,736
Employer's covered-employee payroll	2,988,468	2,921,014	2,923,088
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	87.83%	98.35%	22.71%
Plan fiduciary net position as a percentage of the total pension liability	86.14%	85.70%	96.67%

Notes to Required Supplementary Information

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

Last Nine Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 490,884	\$ 620,922	\$ 621,324	\$ 537,359	\$ 576,591	\$ 676,543	\$ 694,619	\$ 906,688	\$ 1,131,221
Contributions in relation to the actuarially determined contribution	502,722	606,037	596,937	545,817	578,545	677,725	704,812	925,806	1,168,415
CONTRIBUTION DEFICIENCY (Excess)	\$ (11,838)	\$ 14,885	\$ 24,387	\$ (8,458)	\$ (1,954)	\$ (1,182)	\$ (10,193)	\$ (19,118)	\$ (37,194)
Covered-employee payroll	\$ 1,987,850	\$ 1,973,692	\$ 1,877,990	\$ 1,998,734	\$ 1,991,755	\$ 2,148,640	\$ 1,977,927	\$ 1,869,508	\$ 2,021,561
Contributions as a percentage of covered-employee payroll	25.29%	30.71%	31.79%	27.31%	29.05%	31.54%	35.63%	49.52%	57.80%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed, and the amortization period was 25 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.55% annually, projected salary increases assumption of 4.50% compounded annually, and postretirement benefit increases of 3.00% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION FUND

Last Four Fiscal Years

MEASUREMENT DATE APRIL 30,	2015	2016	2017	2018
TOTAL PENSION LIABILITY				
Service cost	\$ 360,963	\$ 409,850	\$ 397,093	\$ 386,940
Interest	1,739,122	2,074,655	2,358,281	2,311,466
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	814,832	316,067	(1,824,410)	132,389
Changes of assumptions*	1,724,772	1,935,023	-	-
Benefit payments, including refunds of member contributions	(1,041,152)	(1,256,271)	(1,495,834)	(1,585,898)
Net change in total pension liability	3,598,537	3,479,324	(564,870)	1,244,897
Total pension liability - beginning	24,508,467	28,107,004	31,586,328	31,021,458
TOTAL PENSION LIABILITY - ENDING	\$ 28,107,004	\$ 31,586,328	\$ 31,021,458	\$ 32,266,355
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 677,725	\$ 704,812	\$ 925,806	\$ 1,168,415
Contributions - member	215,723	219,289	199,897	196,565
Net investment income	759,851	(410,736)	1,035,795	758,725
Benefit payments, including refunds of member contributions	(1,041,152)	(1,256,271)	(1,495,834)	(1,585,898)
Administrative expense	(25,762)	(45,250)	(41,300)	(43,576)
Net change in plan fiduciary net position	586,385	(788,156)	624,364	494,231
Plan fiduciary net position - beginning	14,646,394	15,232,779	14,444,623	15,068,987
PLAN FIDUCIARY NET POSITION - ENDING	\$ 15,232,779	\$ 14,444,623	\$ 15,068,987	\$ 15,563,218
EMPLOYER'S NET PENSION LIABILITY	\$ 12,874,225	\$ 17,141,705	\$ 15,952,471	\$ 16,703,137
Plan fiduciary net position as a percentage of the total pension liability	54.20%	45.70%	48.60%	48.20%
Covered-employee payroll	\$ 2,148,640	\$ 1,977,927	\$ 1,869,508	\$ 2,021,561
Employer's net pension liability as a percentage of covered-employee payroll	599.20%	866.70%	853.30%	826.20%
Notes to Required Supplementary Information				

*There was a change in assumptions in 2015 and 2016 to reflect revised mortality rates.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND**

Last Four Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018
Annual money-weighted rate of return, net of investment expense	5.19%	(2.68%)	7.33%	5.00%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

**SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

April 30, 2018

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2018	\$ -	\$ 2,023,580	0.00%	\$ 2,023,580	\$ 4,592,689	44.06%
2017	N/A	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A
2015	-	1,367,098	0.00%	1,367,098	4,412,868	31.00%
2014	N/A	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A	N/A

N/A - No valuation in this year.

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

April 30, 2018

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2018	\$ 106,061	\$ 106,629	99.47%
2017	116,815	113,440	102.98%
2016	108,913	109,077	99.85%
2015	101,241	104,882	96.53%
2014	38,919	46,745	83.26%
2013	38,919	46,693	83.35%

(See independent auditor's report.)

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

VILLAGE OF ITASCA, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2018

	<u>Budget</u>	<u>Actual</u>
ADMINISTRATIVE		
Salaries/stipends		
President	\$ 13,600	\$ 13,675
Trustees	14,800	13,687
Administrator	61,170	88,447
Clerk	2,500	5,283
Clerical	337,592	248,888
	<hr/>	<hr/>
Total salaries/stipends	429,662	369,980
	<hr/>	<hr/>
Payroll taxes		
FICA	30,516	27,756
Unemployment tax	1,339	884
IMRF	44,149	49,139
	<hr/>	<hr/>
Total payroll taxes	76,004	77,779
	<hr/>	<hr/>
Employee benefits		
Group insurance	105,761	146,493
Uniforms	480	280
	<hr/>	<hr/>
Total employee benefits	106,241	146,773
	<hr/>	<hr/>
Operating		
Gas heating/electric	27,000	21,110
Telephone	14,400	13,092
Postage	5,500	3,232
Publication legal notices	3,200	5,893
Codification	5,500	-
Operating supplies - general	6,500	6,051
Conferences	8,750	3,782
Office supplies	7,100	8,876
Physical	680	505
Wellness	1,500	511
Employee recruitment	1,200	3,854
Training	8,900	5,438
Employee assistance program	2,250	2,601
Dues, subscriptions, and meetings	14,665	16,870
Rentals	8,460	6,606
Community relations	15,200	33,181
Safety program	15,360	-
Software	13,500	16,539
Hardware	56,688	50,371
Support agreements - IT	30,551	28,535
Miscellaneous	5,545	27,779
	<hr/>	<hr/>
Total operating	252,449	254,826
	<hr/>	<hr/>

(This schedule is continued on the following pages.)

VILLAGE OF ITASCA, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND (Continued)

For the Year Ended April 30, 2018

	<u>Budget</u>	<u>Actual</u>
ADMINISTRATIVE (Continued)		
Repairs and maintenance		
Building	\$ 33,725	\$ 23,641
Total repairs and maintenance	<u>33,725</u>	<u>23,641</u>
Professional services		
Legal and accounting	176,750	196,980
Payroll	9,600	12,574
Audit	27,631	27,656
Newsletter	13,960	13,691
Janitorial	40,940	25,018
Software	3,520	2,548
Consulting services	57,500	25,938
Other	13,500	14,374
Total professional services	<u>343,401</u>	<u>318,779</u>
Special services		
Village share - garbage	700,000	715,833
Total special services	<u>700,000</u>	<u>715,833</u>
Grants		
Seniors	8,000	8,000
Suburban O'hare comm	-	25,000
Total grants	<u>8,000</u>	<u>33,000</u>
Insurance		
Liability	24,371	22,689
Workers' compensation	981	4,479
Total insurance	<u>25,352</u>	<u>27,168</u>
Capital expenditures		
Equipment	7,053	5,229
Total capital expenditures	<u>7,053</u>	<u>5,229</u>
Total administrative	<u>1,981,887</u>	<u>1,973,008</u>
NATURE CENTER		
Salaries/stipends		
General labor	80,196	79,892
Total salaries/stipends	<u>80,196</u>	<u>79,892</u>

(This schedule is continued on the following pages.)

VILLAGE OF ITASCA, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND (Continued)

For the Year Ended April 30, 2018

	Budget	Actual
NATURE CENTER (Continued)		
Payroll taxes		
FICA	\$ 1,870	\$ 1,768
Unemployment tax	136	111
Total payroll taxes	2,006	1,879
Employee benefits		
Group insurance	5,600	207
Uniforms	40	-
Total employee benefits	5,640	207
Operating		
Gas heating	2,000	2,070
Telephone	5,000	3,689
Operating supplies - general	4,000	1,140
Office supplies	400	67
Dues, subscriptions, and meetings	950	510
Rentals	100	-
Program supplies	8,500	8,099
Total operating	20,950	15,575
Repair and maintenance		
Structures	5,500	6,310
Total repairs and maintenance	5,500	6,310
Professional services		
Veterinary	700	750
Janitorial	8,250	6,825
Engineering	8,250	27
Graphics	2,000	-
Other services	31,600	27,587
Total professional services	50,800	35,189
Insurance		
Liability	2,176	2,026
Workers' compensation	1,105	1,507
Total insurance	3,281	3,533
Total nature center	168,373	142,585
Total general government	2,150,260	2,115,593

(This schedule is continued on the following pages.)

VILLAGE OF ITASCA, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND (Continued)

For the Year Ended April 30, 2018

	<u>Budget</u>	<u>Actual</u>
PUBLIC SAFETY		
Salaries/stipends		
Police chief	\$ 119,694	\$ 131,959
Police officers	2,108,371	2,063,430
Clerk/dispatchers	160,228	156,438
Clerk/dispatchers overtime	-	753
Police overtime	218,960	274,217
Police court time	18,000	29,318
	<hr/>	<hr/>
Total salaries/stipends	2,625,253	2,656,115
	<hr/>	<hr/>
Payroll taxes		
FICA	201,696	194,701
Unemployment tax	3,661	3,199
IMRF	17,647	17,169
	<hr/>	<hr/>
Total payroll taxes	223,004	215,069
	<hr/>	<hr/>
Employee benefits		
Group insurance	524,666	431,179
Uniforms	16,440	16,548
Pension contribution	1,212,394	1,154,727
	<hr/>	<hr/>
Total employee benefits	1,753,500	1,602,454
	<hr/>	<hr/>
Operating		
Telephone	18,036	21,167
Postage	3,000	2,038
Operating supplies - general	3,980	3,042
Motor fuel and lubrication	34,000	31,975
Office supplies	8,500	8,115
Court, meetings, local, and miscellaneous	10,000	7,061
Dues, subscriptions, and meetings	11,475	6,905
Training	22,550	23,217
Employee physicals	1,150	823
Shooting expenditure	17,068	17,237
Evidence	4,000	2,805
D.A.R.E.	16,110	15,148
Crime prevention	7,400	6,425
DUI technology	12,500	10,560
Volunteer	3,025	2,397
Addison dispatch center	201,220	201,219
Safety program	4,895	4,770
Other operating expenditures	1,500	2,742
	<hr/>	<hr/>
Total operating	380,409	367,646
	<hr/>	<hr/>

(This schedule is continued on the following pages.)

VILLAGE OF ITASCA, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND (Continued)

For the Year Ended April 30, 2018

	Budget	Actual
PUBLIC SAFETY (Continued)		
Repairs and maintenance		
Vehicles	\$ 45,000	\$ 50,640
Hand-held equipment	3,500	2,211
Equipment	55,000	17,844
Building maintenance	36,750	23,974
Total repairs and maintenance	140,250	94,669
Professional services		
Prosecution cost	70,000	82,683
Police social services	10,232	8,298
Software	14,500	12,936
Police commission	4,000	16,389
Total professional services	98,732	120,306
Insurance		
Liability	44,655	44,026
Workers' compensation	55,246	54,939
Total insurance	99,901	98,965
Capital expenditures		
Equipment	26,400	24,124
Total capital expenditures	26,400	24,124
Total public safety	5,347,449	5,179,348
COMMUNITY DEVELOPMENT		
Salaries/stipends		
Building commissioner	92,648	95,345
Building inspector	210,186	134,331
Clerical	91,612	103,622
Total salaries/stipends	394,446	333,298
Payroll taxes		
FICA	34,272	31,669
Unemployment tax	1,068	804
IMRF	46,724	46,809
Total payroll taxes	82,064	79,282
Employee benefits		
Group insurance	58,918	51,737
Uniforms	1,000	849
Total employee benefits	59,918	52,586

(This schedule is continued on the following pages.)

VILLAGE OF ITASCA, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND (Continued)

For the Year Ended April 30, 2018

	Budget	Actual
COMMUNITY DEVELOPMENT (Continued)		
Operating		
Telephone	\$ 14,000	\$ 13,829
Postage	3,000	2,130
Publication legal notices	1,000	74
Operating supplies - general	3,500	2,917
Motor fuel and lubrication	1,600	1,228
Conference	8,810	2,420
Office supplies	5,000	5,074
Training	4,500	1,031
Rentals	-	1,844
Dues, subscriptions, and meetings	12,445	4,718
Other	500	115
Total operating	54,355	35,380
Repairs and maintenance		
Vehicles	3,000	589
Buildings	6,875	5,163
Equipment	12,000	8,462
Total repairs and maintenance	21,875	14,214
Professional services		
Planner	72,000	74,255
Engineering	110,000	146,149
Inspections	121,600	81,856
GIS mapping	5,000	3,715
Consulting	10,000	9,880
Other professional services	500	-
Planning	20,000	1,533
Total professional services	339,100	317,388
Commissions		
Planning	8,000	8,562
Historical	3,000	1,040
Comed power line Elgin O'Hare	5,000	1,908
Suburban O'Hare	50,000	-
Itasca youth	7,350	5,867
Economic development	124,000	268
Total commissions	197,350	17,645
Insurance		
Liability	11,331	10,549
Workers' compensation	12,837	12,764
Total insurance	24,168	23,313
Total community development	1,173,276	873,106

(This schedule is continued on the following pages.)

VILLAGE OF ITASCA, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND (Continued)

For the Year Ended April 30, 2018

	Budget	Actual
PUBLIC WORKS		
Salaries/stipends		
Directors/supervisors	\$ 126,444	\$ 132,221
General labor	343,487	344,532
Clerical	22,284	22,621
Total salaries/stipends	492,215	499,374
Payroll taxes		
FICA	38,013	37,180
Unemployment tax	1,051	932
IMRF	59,282	81,570
Total payroll taxes	98,346	119,682
Employee benefits		
Group insurance	90,628	100,707
Uniforms	2,400	2,183
Total employee benefits	93,028	102,890
Operating		
Electricity	52,500	48,029
Gas heating	16,000	25,605
Telephone	10,000	11,204
Postage	400	300
Conferences	900	1,183
Operating supplies - general	6,500	5,631
Motor fuel and lubrication	19,000	24,250
Office supplies	1,500	1,920
Operating software	-	2,160
Training	750	542
Dues, subscriptions, and meetings	1,400	1,520
Rentals	1,500	450
Employee physicals	1,000	1,304
Rubbish removal	1,000	5,950
Streets - bulk materials	11,000	17,620
Total operating	123,450	147,668
Repairs and maintenance		
Vehicles	27,500	17,261
Building	10,500	34,956
Equipment	12,000	15,148
Street lights	75,000	70,693
Parking lots	10,000	10,265
Storm sewers	30,000	35,567
Parkways and parks	25,000	10,488

(This schedule is continued on the following page.)

VILLAGE OF ITASCA, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND (Continued)

For the Year Ended April 30, 2018

	Budget	Actual
PUBLIC WORKS (Continued)		
Repairs and maintenance (Continued)		
Street signs	\$ 10,000	\$ 9,860
Other repairs and maintenance	183,000	181,769
Total repairs and maintenance	383,000	386,007
Professional services		
Engineering	5,000	16,073
Total professional services	5,000	16,073
Special services		
Veterinary and animal control	2,500	1,967
Mosquito abatement	60,350	67,206
Snow removal	75,000	70,016
Branch contract	9,200	9,046
Lawn maintenance	49,500	19,036
Microburst disaster	-	311,565
Tree trimming	54,500	56,180
Tree planting	20,000	19,792
Traffic signals	25,000	32,310
Total special services	296,050	587,118
Insurance		
Liability	22,463	18,550
Workers' compensation	34,398	39,162
Total insurance	56,861	57,712
Capital expenditures		
Streets (not MFT)	-	544
Total capital expenditures	-	544
Total public works	1,547,950	1,917,068
DEBT SERVICE		
Principal	550,000	550,000
Interest and fiscal agents	146,203	146,203
Total debt service	696,203	696,203
TOTAL EXPENDITURES	\$ 10,915,138	\$ 10,781,318

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND**

For the Year Ended April 30, 2018

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental		
Sales tax	\$ 1,275,000	\$ 1,599,713
Grants	40,000	-
Investment income	500	2,224
Miscellaneous	128,900	52,750
	<hr/>	
Total revenues	1,444,400	1,654,687
	<hr/>	
EXPENDITURES		
Capital outlay	1,835,840	992,509
	<hr/>	
Total expenditures	1,835,840	992,509
	<hr/>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(391,440)	662,178
	<hr/>	
OTHER FINANCING SOURCES (USES)		
Transfers in	270,000	270,000
	<hr/>	
Total other financing sources (uses)	270,000	270,000
	<hr/>	
NET CHANGE IN FUND BALANCE	<u>\$ (121,440)</u>	932,178
FUND BALANCE, MAY 1		<hr/> 637,802
FUND BALANCE, APRIL 30		<hr/> <u>\$ 1,569,980</u>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

VILLAGE OF ITASCA, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2018

	Special Revenue		Debt Service	
	Motor Fuel Tax	Hotel Tax	General Obligation 2008	Spring Lake Special Service Area
ASSETS				
Cash and investments	\$ 212,084	\$ 2,596,818	\$ (450)	\$ 92,148
Receivables				
Property taxes	-	-	756,721	86,202
Other	19,800	122,479	-	-
Due from library	-	-	1,094,215	-
TOTAL ASSETS	\$ 231,884	\$ 2,719,297	\$ 1,850,486	\$ 178,350
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 2,283	\$ 6,750	\$ 803	\$ -
Total liabilities	2,283	6,750	803	-
DEFERRED INFLOWS OF RESOURCES				
Property taxes	-	-	756,721	86,202
Unavailable revenue - due from other governments	-	-	1,094,215	-
Total deferred inflows of resources	-	-	1,850,936	86,202
Total liabilities and deferred inflows of resources	2,283	6,750	1,851,739	86,202
FUND BALANCES				
Restricted				
Debt service	-	-	-	92,148
Highway and streets	229,601	-	-	-
Tourism	-	2,712,547	-	-
Special service areas	-	-	-	-
Unrestricted				
Unassigned (deficit)	-	-	(1,253)	-
Total fund balances (deficit)	229,601	2,712,547	(1,253)	92,148
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 231,884	\$ 2,719,297	\$ 1,850,486	\$ 178,350

Debt Service	Capital Projects					Total Nonmajor Governmental Funds
	Hamilton Lakes Special Service Area	Spring Lake Special Service Area	CMD Special Service Area	Hamilton Lakes Special Service Area	Old Thorndale Special Service Area	
\$ 260,939	\$ 387,611	\$ 28,398	\$ 1,632,370	\$ 384,596	\$ 5,594,514	
256,568	50,293	-	151,559	-	1,301,343	
-	-	-	2,100	243	144,622	
-	-	-	-	-	1,094,215	
<u>\$ 517,507</u>	<u>\$ 437,904</u>	<u>\$ 28,398</u>	<u>\$ 1,786,029</u>	<u>\$ 384,839</u>	<u>\$ 8,134,694</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,836	
-	-	-	-	-	9,836	
256,568	50,293	-	151,559	-	1,301,343	
-	-	-	-	-	1,094,215	
256,568	50,293	-	151,559	-	2,395,558	
256,568	50,293	-	151,559	-	2,405,394	
260,939	-	-	-	-	353,087	
-	-	-	-	-	229,601	
-	-	-	-	-	2,712,547	
-	387,611	28,398	1,634,470	384,839	2,435,318	
-	-	-	-	-	(1,253)	
<u>260,939</u>	<u>387,611</u>	<u>28,398</u>	<u>1,634,470</u>	<u>384,839</u>	<u>5,729,300</u>	
<u>\$ 517,507</u>	<u>\$ 437,904</u>	<u>\$ 28,398</u>	<u>\$ 1,786,029</u>	<u>\$ 384,839</u>	<u>\$ 8,134,694</u>	

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

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

For the Year Ended April 30, 2018

	<u>Special Revenue</u>		<u>Debt Service</u>	
	<u>Motor Fuel Tax</u>	<u>Hotel Tax</u>	<u>General Obligation 2008</u>	<u>Spring Lake Special Service Area</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ 757,544	\$ 84,364
Hotel tax	-	1,252,114	-	-
Operating grants	220,835	-	-	-
Investment income	6,116	21,193	1,708	365
Miscellaneous	27,500	15,898	203,625	-
Total revenues	254,451	1,289,205	962,877	84,729
EXPENDITURES				
General government	-	744,918	-	-
Debt service				
Principal	-	-	850,000	65,000
Interest and fiscal agent fees	-	-	112,030	18,520
Capital outlay				
Streets and highways	549,559	-	-	-
Total expenditures	549,559	744,918	962,030	83,520
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(295,108)	544,287	847	1,209
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	64,250	-
Transfers (out)	-	(322,005)	-	-
Total other financing sources (uses)	-	(322,005)	64,250	-
NET CHANGE IN FUND BALANCES	(295,108)	222,282	65,097	1,209
FUND BALANCES (DEFICIT), MAY 1	524,709	2,490,265	(66,350)	90,939
FUND BALANCES (DEFICIT), APRIL 30	\$ 229,601	\$ 2,712,547	\$ (1,253)	\$ 92,148

<u>Debt Service</u>	<u>Capital Projects</u>					
<u>Hamilton Lakes Special Service Area</u>	<u>Spring Lake Special Service Area</u>	<u>CMD Special Service Area</u>	<u>Hamilton Lakes Special Service Area</u>	<u>Old Thorndale Special Service Area</u>	<u>Total Nonmajor Governmental Funds</u>	
\$ 251,784	\$ 45,890	\$ -	\$ 146,992	\$ -	\$	1,286,574
-	-	-	-	-		1,252,114
-	-	-	-	-		220,835
3,413	2,334	642	9,048	3,971		48,790
-	-	-	-	-		247,023
<u>255,197</u>	<u>48,224</u>	<u>642</u>	<u>156,040</u>	<u>3,971</u>		<u>3,055,336</u>
-	-	-	-	-		744,918
120,000	-	-	-	-		1,035,000
134,860	-	-	-	-		265,410
-	-	88,220	30,083	-		667,862
<u>254,860</u>	<u>-</u>	<u>88,220</u>	<u>30,083</u>	<u>-</u>		<u>2,713,190</u>
<u>337</u>	<u>48,224</u>	<u>(87,578)</u>	<u>125,957</u>	<u>3,971</u>		<u>342,146</u>
-	-	-	-	-		64,250
-	-	-	-	-		(322,005)
-	-	-	-	-		(257,755)
<u>337</u>	<u>48,224</u>	<u>(87,578)</u>	<u>125,957</u>	<u>3,971</u>		<u>84,391</u>
<u>260,602</u>	<u>339,387</u>	<u>115,976</u>	<u>1,508,513</u>	<u>380,868</u>		<u>5,644,909</u>
<u>\$ 260,939</u>	<u>\$ 387,611</u>	<u>\$ 28,398</u>	<u>\$ 1,634,470</u>	<u>\$ 384,839</u>	<u>\$</u>	<u>5,729,300</u>

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND**

For the Year Ended April 30, 2018

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental allotments - operating grants	\$ 222,712	\$ 220,835
Investment income	800	6,116
Miscellaneous	73,709	27,500
	<hr/>	
Total revenues	297,221	254,451
	<hr/>	
EXPENDITURES		
Capital outlay		
Streets and highways	749,246	549,559
	<hr/>	
NET CHANGE IN FUND BALANCE	<u>\$ (452,025)</u>	(295,108)
FUND BALANCE, MAY 1		<u>524,709</u>
FUND BALANCE, APRIL 30		<u><u>\$ 229,601</u></u>

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL HOTEL TAX FUND

For the Year Ended April 30, 2018

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Hotel tax	\$ 1,225,000	\$ 1,252,114
Investment income	5,500	21,193
Miscellaneous	14,231	15,898
	<hr/>	
Total revenues	1,244,731	1,289,205
EXPENDITURES		
General government		
Police overtime	39,268	11,835
Operation staff	313,728	179,719
Public relations	363,312	302,383
Marketing	293,000	232,062
Equipment	68,000	18,919
	<hr/>	
Total expenditures	1,077,308	744,918
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	167,423	544,287
OTHER FINANCING SOURCES (USES)		
Transfers (out)	(412,523)	(322,005)
	<hr/>	
Total other financing sources (uses)	(412,523)	(322,005)
NET CHANGE IN FUND BALANCE	<u>\$ (245,100)</u>	222,282
FUND BALANCE, MAY 1		<u>2,490,265</u>
FUND BALANCE, APRIL 30		<u>\$ 2,712,547</u>

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL OBLIGATION 2008 FUND**

For the Year Ended April 30, 2018

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Property taxes	\$ 764,464	\$ 757,544
Library bond payments	-	203,625
Investment income	500	1,708
	<hr/>	<hr/>
Total revenues	764,964	962,877
	<hr/>	<hr/>
EXPENDITURES		
Debt service		
Principal	700,000	850,000
Interest	56,800	110,425
Bond agent fees	803	1,605
	<hr/>	<hr/>
Total expenditures	757,603	962,030
	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,361	847
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Transfers in	64,250	64,250
	<hr/>	<hr/>
Total other financing sources (uses)	64,250	64,250
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ 71,611</u>	65,097
FUND BALANCE (DEFICIT), MAY 1		<u>(66,350)</u>
FUND BALANCE (DEFICIT), APRIL 30		<u>\$ (1,253)</u>

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPRING LAKE SPECIAL SERVICE AREA DEBT SERVICE FUND**

For the Year Ended April 30, 2018

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Property taxes	\$ 84,364	\$ 84,364
Investment income	-	365
	<hr/>	
Total revenues	84,364	84,729
	<hr/>	
EXPENDITURES		
Debt service		
Principal	65,000	65,000
Interest	18,520	18,520
	<hr/>	
Total expenditures	83,520	83,520
	<hr/>	
NET CHANGE IN FUND BALANCE	<u>\$ 844</u>	1,209
FUND BALANCE, MAY 1		<u>90,939</u>
FUND BALANCE, APRIL 30		<u><u>\$ 92,148</u></u>

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HAMILTON LAKES SPECIAL SERVICE AREA DEBT SERVICE FUND**

For the Year Ended April 30, 2018

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Property taxes	\$ 256,907	\$ 251,784
Investment income	3,000	3,413
	<hr/>	
Total revenues	259,907	255,197
	<hr/>	
EXPENDITURES		
Debt service		
Principal	120,000	120,000
Interest	134,325	134,325
Bond agent fees	535	535
	<hr/>	
Total expenditures	254,860	254,860
	<hr/>	
NET CHANGE IN FUND BALANCE	<u>\$ 5,047</u>	337
FUND BALANCE, MAY 1		<hr/> 260,602
FUND BALANCE, APRIL 30		<hr/> \$ 260,939 <hr/>

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPRING LAKE SPECIAL SERVICE AREA CAPITAL PROJECTS FUND**

For the Year Ended April 30, 2018

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Property taxes	\$ 45,890	\$ 45,890
Investment income	2,500	2,334
	<hr/>	
Total revenues	48,390	48,224
	<hr/>	
EXPENDITURES		
Capital outlay		
Capital maintenance	51,000	-
	<hr/>	
Total expenditures	51,000	-
	<hr/>	
NET CHANGE IN FUND BALANCE	<u>\$ (2,610)</u>	48,224
	<hr/>	
FUND BALANCE, MAY 1		339,387
	<hr/>	
FUND BALANCE, APRIL 30		<u><u>\$ 387,611</u></u>

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CMD SPECIAL SERVICE AREA CAPITAL PROJECTS FUND**

For the Year Ended April 30, 2018

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Investment income	\$ 174	\$ 642
EXPENDITURES		
Capital outlay	114,832	88,220
Total expenditures	114,832	88,220
NET CHANGE IN FUND BALANCE	<u>\$ (114,658)</u>	(87,578)
FUND BALANCE, MAY 1		<u>115,976</u>
FUND BALANCE, APRIL 30		<u>\$ 28,398</u>

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HAMILTON LAKES SPECIAL SERVICE AREA CAPITAL PROJECTS FUND**

For the Year Ended April 30, 2018

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Property taxes	\$ 149,983	\$ 146,992
Investment income	3,800	9,048
	<hr/>	
Total revenues	153,783	156,040
	<hr/>	
EXPENDITURES		
Current		
General government	25,000	-
Capital outlay	50,000	30,083
	<hr/>	
Total expenditures	75,000	30,083
	<hr/>	
NET CHANGE IN FUND BALANCE	<u>\$ 78,783</u>	125,957
FUND BALANCE, MAY 1		<u>1,508,513</u>
FUND BALANCE, APRIL 30		<u><u>\$ 1,634,470</u></u>

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OLD THORNDALE SPECIAL SERVICE AREA CAPITAL PROJECTS FUND**

For the Year Ended April 30, 2018

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Investment income	\$ 2,000	\$ 3,971
EXPENDITURES		
Capital outlay	-	-
Total expenditures	-	-
NET CHANGE IN FUND BALANCE	<u>\$ 2,000</u>	3,971
FUND BALANCE, MAY 1		<u>380,868</u>
FUND BALANCE, APRIL 30		<u>\$ 384,839</u>

(See independent auditor's report.)

MAJOR PROPRIETARY FUND

VILLAGE OF ITASCA, ILLINOIS
SCHEDULE OF NET POSITION
WATER AND SEWER FUND BY SUBACCOUNT

April 30, 2018

	Operating and Maintenance	Capital	Total
CURRENT ASSETS			
Cash and investments	\$ 1,947,426	\$ 5,115,237	\$ 7,062,663
Accounts receivable	2,420,153	-	2,420,153
Total current assets	4,367,579	5,115,237	9,482,816
NONCURRENT ASSETS			
Capital assets			
Cost	71,575,718	-	71,575,718
Less accumulated depreciation	29,131,967	-	29,131,967
Total noncurrent assets	42,443,751	-	42,443,751
Total assets	46,811,330	5,115,237	51,926,567
DEFERRED OUTFLOWS OF RESOURCES			
Pension items - IMRF	171,918	-	171,918
Total deferred outflows of resources	171,918	-	171,918
Total assets and deferred outflows of resources	46,983,248	5,115,237	52,098,485
CURRENT LIABILITIES			
Accounts payable	320,819	1,217,977	1,538,796
Accrued payroll	22,878	-	22,878
Bonds and loans payable-current portion	1,150,000	-	1,150,000
Compensated absences payable	16,285	-	16,285
Accrued interest	332,837	-	332,837
Total current liabilities	1,842,819	1,217,977	3,060,796
NONCURRENT LIABILITIES			
Advances from other funds	1,474,993	-	1,474,993
Bonds payable	21,888,151	-	21,888,151
IEPA loan payable	10,641,114	-	10,641,114
Compensated absences payable	146,564	-	146,564
Net pension liability	302,650	-	302,650
Total noncurrent liabilities	34,453,472	-	34,453,472
DEFERRED INFLOWS OF RESOURCES			
Pension items - IMRF	830,388	-	830,388
Total deferred inflows of resources	830,388	-	830,388
Total liabilities and deferred inflows of resources	37,126,679	1,217,977	38,344,656
NET POSITION			
Net investment in capital assets	8,596,642	-	8,596,642
Unrestricted	1,259,927	3,897,260	5,157,187
TOTAL NET POSITION	\$ 9,856,569	\$ 3,897,260	\$ 13,753,829

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS
SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
WATER AND SEWER FUND BY SUBACCOUNT

For the Year Ended April 30, 2018

	Operating and Maintenance	Capital	Eliminations	Total
OPERATING REVENUES				
Charges for services				
Water fees	\$ 4,657,335	\$ -	\$ -	\$ 4,657,335
Sewer fees	4,528,022	-	-	4,528,022
Other revenues	151,940	-	-	151,940
	<hr/>			
Total operating revenues	9,337,297	-	-	9,337,297
OPERATING EXPENSES EXCLUDING DEPRECIATION				
Salaries and stipends	1,680,624	-	-	1,680,624
Payroll taxes	283,994	-	-	283,994
Employee benefits	291,610	-	-	291,610
General operating	2,682,129	-	-	2,682,129
Repairs and maintenance	356,936	-	-	356,936
Professional services	180,352	-	-	180,352
Special services	111,924	-	-	111,924
Insurance	100,660	-	-	100,660
Capital	-	1,089,883	-	1,089,883
	<hr/>			
Total operating expenses excluding depreciation	5,688,229	1,089,883	-	6,778,112
OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION				
	3,649,068	(1,089,883)	-	2,559,185
Depreciation and amortization	1,697,718	-	-	1,697,718
	<hr/>			
OPERATING INCOME (LOSS)	1,951,350	(1,089,883)	-	861,467
NON-OPERATING REVENUES (EXPENSES)				
Investment income	12,459	132	-	12,591
Other income	-	4,000,000	-	4,000,000
Bond stimulus payment	440,224	-	-	440,224
Interest expense	(1,342,794)	-	-	(1,342,794)
	<hr/>			
Total non-operating revenues (expenses)	(890,111)	4,000,132	-	3,110,021
INCOME BEFORE TRANSFERS				
	1,061,239	2,910,249	-	3,971,488
TRANSFERS				
Transfers in	1,220,254	2,107,381	(3,000,135)	327,500
Transfers (out)	(1,779,881)	(1,220,254)	3,000,135	-
	<hr/>			
Total transfers	(559,627)	887,127	-	327,500
CHANGE IN NET POSITION				
	501,612	3,797,376	-	4,298,988
NET POSITION, MAY 1				
	9,354,957	99,884	-	9,454,841
	<hr/>			
NET POSITION, APRIL 30	\$ 9,856,569	\$ 3,897,260	\$ -	\$ 13,753,829

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
WATER AND SEWER FUND
OPERATING SUBACCOUNT

For the Year Ended April 30, 2018

	<u>Budget</u>	<u>Actual</u>
OPERATING REVENUES		
Charges for services		
Water fees	\$ 4,571,538	\$ 4,657,335
Sewer fees	4,437,610	4,528,022
Other revenues	172,665	151,940
Total operating revenues	<u>9,181,813</u>	<u>9,337,297</u>
OPERATING EXPENSES EXCLUDING DEPRECIATION		
Salaries and stipends	1,556,755	1,463,480
Payroll taxes	287,844	283,994
Employee benefits	324,162	291,610
General operating	2,795,723	2,682,129
Repairs and maintenance	435,988	356,936
Professional services	230,817	180,352
Special services	140,000	111,924
Insurance	105,967	100,660
Total operating expenses excluding depreciation	<u>5,877,256</u>	<u>5,471,085</u>
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	3,304,557	3,866,212
Depreciation and amortization	-	1,697,718
OPERATING INCOME	<u>3,304,557</u>	<u>2,168,494</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment income	4,000	12,459
Bond stimulus payment	439,517	440,224
Debt service		
Principal repayment	(1,130,000)	(1,130,000)
Interest expense	(1,349,633)	(1,342,794)
Total non-operating revenues (expenses)	<u>(2,036,116)</u>	<u>(2,020,111)</u>
INCOME BEFORE TRANSFERS	<u>1,268,441</u>	<u>148,383</u>
NON-OPERATING REVENUES (EXPENSES)		
Transfers in	-	1,220,254
Transfers (out)	(1,779,881)	(1,779,881)
Total transfers	<u>(1,779,881)</u>	<u>(559,627)</u>
NET INCOME (LOSS) BUDGETARY BASIS	<u>\$ (511,440)</u>	<u>\$ (411,244)</u>
ADJUSTMENTS TO GAAP BASIS		
Increase in net pension liability		(217,144)
Principal repayment		1,130,000
Total adjustments to GAAP basis		<u>912,856</u>
CHANGE IN NET POSITION		501,612
NET POSITION, MAY 1		<u>9,354,957</u>
NET POSITION, APRIL 30		<u><u>\$ 9,856,569</u></u>

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
WATER AND SEWER FUND
OPERATING SUBACCOUNT

For the Year Ended April 30, 2018

	Budget	Actual
OPERATING EXPENSES		
Salaries and stipends		
President	\$ 8,160	\$ 8,206
Trustees	8,880	8,206
Treasurer	48,418	20,039
Clerk	1,500	-
Clerical	210,945	195,612
Directors/superintendents	253,208	260,898
Operations staff	863,558	857,133
Overtime	107,712	106,896
Administrator	54,374	6,490
	1,556,755	1,463,480
Payroll taxes		
FICA	115,519	110,143
Unemployment taxes	2,191	2,267
IMRF	170,134	171,584
	287,844	283,994
Employee benefits		
Group insurance	315,562	283,216
Uniforms	5,600	5,856
Education	3,000	2,538
	324,162	291,610
General operating		
Gas heat	6,000	2,638
Electricity	322,000	305,186
Telephone	14,000	13,212
Postage	24,000	19,239
Publication legal notices	500	-
Supplies - general	12,000	9,452
Supplies - office	5,500	4,217
Supplies - sewer treatment	125,000	121,478
Supplies - water treatment	5,000	4,154
Motor fuel and lubrication	23,000	18,613
Conferences	11,000	5,619
Dues, subscriptions, and meetings	5,100	2,405

(This schedule is continued on the following pages.)

VILLAGE OF ITASCA, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (Continued)
WATER AND SEWER FUND
OPERATING SUBACCOUNT

For the Year Ended April 30, 2018

	<u>Budget</u>	<u>Actual</u>
OPERATING EXPENSES (Continued)		
General operating (Continued)		
Training	\$ 8,000	\$ 2,110
Rentals	7,200	3,641
Employee physicals	1,200	728
Rubbish removal	15,000	9,475
Water meters	10,000	32,130
Safety program	3,000	-
Lab tests pretreatment	8,000	7,198
Operating software	60,423	24,077
Hardware	55,800	2,466
DuPage Water Commission	2,074,000	2,094,091
	<hr/>	<hr/>
Total general operating	2,795,723	2,682,129
	<hr/>	<hr/>
Repairs and maintenance		
Vehicles	12,500	16,678
Equipment	17,000	9,581
Bulk material	18,000	12,104
Structures	122,000	69,149
Wells	14,000	17,238
Treatment plant	56,244	65,877
Lift stations	50,000	35,926
Sanitary sewers	50,000	34,438
Water systems	66,244	75,492
Meter repair	30,000	20,453
	<hr/>	<hr/>
Total repairs and maintenance	435,988	356,936
	<hr/>	<hr/>
Professional services		
Legal	25,000	10,308
Engineering	125,000	68,713
Accounting	1,750	34,290
Payroll	2,600	2,809
Audit	24,181	17,372
Janitorial	14,136	9,650
Other services	38,150	37,210
	<hr/>	<hr/>
Total professional services	230,817	180,352
	<hr/>	<hr/>

(This schedule is continued on the following page.)

VILLAGE OF ITASCA, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (Continued)
WATER AND SEWER FUND
OPERATING SUBACCOUNT

For the Year Ended April 30, 2018

	<u>Budget</u>	<u>Actual</u>
OPERATING EXPENSES (Continued)		
Special services		
Sludge removal	\$ 40,000	\$ 21,651
Industrial pre-treatment	100,000	90,273
	<hr/>	<hr/>
Total special services	140,000	111,924
	<hr/>	<hr/>
Insurance		
Liability	64,903	61,375
Workers' compensation	41,064	39,285
	<hr/>	<hr/>
Total insurance	105,967	100,660
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	<u>\$ 5,877,256</u>	<u>\$ 5,471,085</u>

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
WATER AND SEWER FUND
CAPITAL SUBACCOUNT

For the Year Ended April 30, 2018

	<u>Budget</u>	<u>Actual</u>
OPERATING REVENUES		
None	\$ -	\$ -
Total operating revenues	-	-
OPERATING EXPENSES		
Capital	8,217,410	1,222,957
Total operating expenses	8,217,410	1,222,957
OPERATING INCOME (LOSS)	(8,217,410)	(1,222,957)
NON-OPERATING REVENUES (EXPENSES)		
Investment income	-	132
Other income	80,029	4,000,000
Loan proceeds	6,030,000	-
Total non-operating revenues (expenses)	6,110,029	4,000,132
INCOME BEFORE TRANSFERS	(2,107,381)	2,777,175
NON-OPERATING REVENUES (EXPENSES)		
Transfers in	2,107,381	2,107,381
Transfers (out)	-	(1,220,254)
Total transfers	2,107,381	887,127
NET INCOME (LOSS) BUDGETARY BASIS	<u>\$ -</u>	<u>3,664,302</u>
ADJUSTMENTS TO GAAP BASIS		
Capitalized assets		133,074
Total adjustments to GAAP basis		133,074
CHANGE IN NET POSITION		3,797,376
NET POSITION, MAY 1		99,884
NET POSITION, APRIL 30		<u>\$ 3,897,260</u>

(See independent auditor's report.)

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2018 and the related notes to financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated December 10, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich LLP

Naperville, Illinois
December 10, 2018

SUPPLEMENTAL DATA

VILLAGE OF ITASCA, ILLINOIS

**LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BONDS, SERIES 2008B - VILLAGE PORTION**

April 30, 2018

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% to 4%
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	Principal	Interest	Total	Interest Due On			
				June 15	Amount	December 15	Amount
2019	\$ 720,000	\$ 28,800	\$ 748,800	2018	\$ 14,400	2018	\$ 14,400
	<u>\$ 720,000</u>	<u>\$ 28,800</u>	<u>\$ 748,800</u>		<u>\$ 14,400</u>		<u>\$ 14,400</u>

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

**LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION REFUNDING DEBT CERTIFICATE, SERIES 2010**

April 30, 2018

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% to 4%
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	Principal	Interest	Total	Interest Due On			
				June 1	Amount	December 1	Amount
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>\$ 3,085,000</u>	<u>\$ 379,600</u>	<u>\$ 3,464,600</u>		<u>\$ 189,800</u>		<u>\$ 189,800</u>

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

**LONG-TERM DEBT REQUIREMENTS
SPECIAL SERVICE AREA BONDS, SERIES 2006**

April 30, 2018

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% to 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	Principal	Interest	Total	Interest Due On			
				June 15	Amount	December 15	Amount
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>\$ 305,000</u>	<u>\$ 39,406</u>	<u>\$ 344,406</u>		<u>\$ 19,703</u>		<u>\$ 19,703</u>

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BONDS, SERIES 2009A

April 30, 2018

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% to 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	Principal	Interest	Total	Interest Due On			
				February 1	Amount	August 1	Amount
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>\$ 22,230,000</u>	<u>\$ 19,792,966</u>	<u>\$ 42,022,966</u>		<u>\$ 9,896,483</u>		<u>\$ 9,896,483</u>

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

**LONG-TERM DEBT REQUIREMENTS
SPECIAL SERVICE AREA BONDS, SERIES 2014**

April 30, 2018

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	Principal	Interest	Total	Interest Due On			
				June 15	Amount	December 15	Amount
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>\$ 2,865,000</u>	<u>\$ 1,217,025</u>	<u>\$ 4,082,025</u>		<u>\$ 608,513</u>		<u>\$ 608,513</u>

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

SCHEDULE OF INSURANCE IN FORCE

April 30, 2018

Type of Coverage	Amount of Coverage	Expiration Date	Insurance Company
Commercial property		5/1/2018	Federal Insurance Company
Building and contents	\$ 69,590,899		
Business income including extra expense	2,050,000		
General liability		5/1/2018	Argonaut Great Central Insurance Company
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		
Monies and securities	50,000		
Commercial automobile		5/1/2018	Argonaut Great Central Insurance Company
Liability	1,000,000		
Personal injury protection	N/A		
Uninsured motorist	100,000		
Underinsured motorist	100,000		
Umbrella		5/1/2018	Argonaut Great Central Insurance Company
Liability	9,000,000		
Annual aggregate	9,000,000		
Retained limit	1,000,000		
Workers' compensation		12/31/2018	Illinois Public Risk Fund
Each accident	2,500,000		
Disease - policy limit	2,500,000		
Disease - each employee	2,500,000		
Law enforcement liability		5/1/2018	Argonaut Great Central Insurance Company
Annual aggregate	3,000,000		
Each person/each wrongful act	1,000,000		
Public officials' and employment practices liability		5/1/2018	Argonaut Great Central Insurance Company
Annual aggregate	3,000,000		
Each wrongful act	1,000,000		
Cyber liability		6/2/2018	Lloyd's London
Annual aggregate	1,000,000		
Each and every claim	1,000,000		
Storage tank liability		8/1/2018	Ace Tank Safe
Annual aggregate	1,000,000		
Per storage tank	1,000,000		

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

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

April 30, 2018

<u>Levy Year</u>	<u>2017</u>	<u>2016</u>
Residential	\$ 276,548,139	\$ 254,122,990
Farms	14,360	14,184
Commercial	167,944,170	156,800,640
Industrial	186,620,260	178,471,620
	<u>\$ 631,126,929</u>	<u>\$ 589,409,434</u>

<u>Levy Year</u>	<u>2017</u>		<u>2016</u>	
	<u>Rate</u>	<u>Taxes</u>	<u>Rate</u>	<u>Taxes</u>
	<u>Extended</u>	<u>Extended</u>	<u>Extended</u>	<u>Extended</u>
Corporate	0.1577	\$ 995,287	0.1558	\$ 918,300
Bond and interest	0.1199	756,721	0.1297	764,464
Police Pension	0.1835	1,158,118	0.1977	1,165,262
TOTAL	<u>0.4611</u>	<u>\$ 2,910,126</u>	<u>0.4832</u>	<u>\$ 2,848,026</u>

The Village also collects taxes from Special Service Areas within the Village for the payment of principal and interest on bonds and maintenance of roads. The taxes extended for the Special Service Areas for 2017 and 2016 were \$544,621 and \$530,147, respectively.

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

April 30, 2018

Assessed valuation - 2016	<u>\$ 631,126,929</u>
Legal debt limit - 8.625% of assessed valuation	\$ 54,434,698
Amount of debt applicable to debt limit	
Village's general obligation debt	<u>4,855,000</u>
LEGAL DEBT MARGIN	<u>\$ 49,579,698</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."

(See independent auditor's report.)

VILLAGE OF ITASCA, ILLINOIS

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Fiscal Year	2009	2010	2011	2012
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 89,814,800	\$ 88,007,793	\$ 86,086,632	\$ 84,355,772
Restricted	1,253,137	1,258,176	1,531,216	3,135,730
Unrestricted	5,750,004	3,982,441	4,348,107	5,064,981
TOTAL GOVERNMENTAL ACTIVITIES	\$ 96,817,941	\$ 93,248,410	\$ 91,965,955	\$ 92,556,483
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 10,895,076	\$ 15,160,848	\$ 18,219,626	\$ 12,273,883
Unrestricted	2,604,176	2,291,186	(2,796,758)	2,318,579
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 13,499,252	\$ 17,452,034	\$ 15,422,868	\$ 14,592,462
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 100,709,876	\$ 103,168,641	\$ 104,306,258	\$ 96,629,655
Restricted	1,253,137	1,258,176	1,531,216	3,135,730
Unrestricted	8,354,180	6,273,627	1,551,349	7,383,560
TOTAL PRIMARY GOVERNMENT	\$ 110,317,193	\$ 110,700,444	\$ 107,388,823	\$ 107,148,945

The Village implemented GASB Statement No. 68 during 2016.

Data Source

Audited Financial Statements

	2013	2014	2015	2016	2017	2018
\$	82,462,526	\$ 79,463,098	\$ 78,202,970	\$ 77,774,223	\$ 76,396,437	\$ 75,511,028
	3,703,525	4,159,291	5,503,700	5,315,395	5,751,234	5,770,684
	7,298,521	10,516,995	7,584,042	(7,187,454)	(7,651,157)	(7,935,629)
\$	93,464,572	\$ 94,139,384	\$ 91,290,712	\$ 75,902,164	\$ 74,496,514	\$ 73,346,083
\$	11,769,338	\$ 10,421,964	\$ 9,467,059	\$ 8,705,616	\$ 8,453,494	\$ 8,596,642
	1,310,939	1,411,824	1,523,896	474,563	542,401	5,157,187
\$	13,080,277	\$ 11,833,788	\$ 10,990,955	\$ 9,180,179	\$ 8,995,895	\$ 13,753,829
\$	94,231,864	\$ 89,885,062	\$ 87,670,029	\$ 86,479,839	\$ 84,849,931	\$ 84,107,670
	3,703,525	4,159,291	5,503,700	5,315,395	5,751,234	5,770,684
	8,609,460	11,928,819	9,107,938	(6,712,891)	(7,108,756)	(2,778,442)
\$	106,544,849	\$ 105,973,172	\$ 102,281,667	\$ 85,082,343	\$ 83,492,409	\$ 87,099,912

VILLAGE OF ITASCA, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	2009	2010	2011	2012
EXPENSES				
Governmental activities				
General government	\$ 2,290,560	\$ 3,169,008	\$ 3,023,830	\$ 2,907,797
Public safety	4,575,914	4,496,515	5,010,422	5,005,282
Community development	720,154	630,901	544,921	596,880
Public works	6,977,922	7,265,891	4,634,428	4,367,247
Interest	520,596	586,624	483,783	455,089
Total governmental activities expenses	15,085,146	16,148,939	13,697,384	13,332,295
Business-type activities				
Water and sewer	4,286,466	5,175,724	5,013,429	5,075,192
Interest	-	-	1,402,584	1,402,584
Total business-type activities expenses	4,286,466	5,175,724	6,416,013	6,477,776
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 19,371,612	\$ 21,324,663	\$ 20,113,397	\$ 19,810,071
PROGRAM REVENUES				
Governmental activities				
Charges for services				
Public safety	\$ 450,838	\$ 519,982	\$ 404,189	\$ 431,769
Community development	833,278	522,792	554,281	707,154
Public works	236,314	122,632	127,079	130,679
Operating grants and contributions	216,643	209,518	265,159	248,220
Capital grants and contributions	29,497	31,624	180,823	57,932
Total governmental activities program revenues	1,766,570	1,406,548	1,531,531	1,575,754
Business-type activities				
Charges for services				
Water and sewer	3,755,646	3,956,315	4,100,378	4,898,635
Capital grants and contributions	-	5,000,000	-	-
Total business-type activities program revenues	3,755,646	8,956,315	4,100,378	4,898,635
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 5,522,216	\$ 10,362,863	\$ 5,631,909	\$ 6,474,389
NET REVENUE (EXPENSE)				
Governmental activities	\$ (13,318,576)	\$ (14,742,391)	\$ (12,165,853)	\$ (11,756,541)
Business-type activities	(530,820)	3,780,591	(2,315,635)	(1,579,141)
TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)	\$ (13,849,396)	\$ (10,961,800)	\$ (14,481,488)	\$ (13,335,682)

	2013	2014	2015	2016	2017	2018
\$	2,539,131	\$ 2,877,330	\$ 4,703,106	\$ 3,479,155	\$ 3,501,654	\$ 3,078,537
	4,898,678	4,938,440	5,440,539	6,058,119	6,699,549	6,037,115
	627,001	982,497	753,760	942,210	936,669	935,802
	5,320,761	5,566,081	6,281,524	5,642,221	5,134,979	5,862,683
	424,737	580,185	567,260	478,048	424,318	354,732
	13,810,308	14,944,533	17,746,189	16,599,753	16,697,169	16,268,869
	6,191,690	6,933,727	8,637,501	9,558,386	9,926,958	9,818,624
	1,402,734	1,400,011	-	-	-	-
	7,594,424	8,333,738	8,637,501	9,558,386	9,926,958	9,818,624
\$	21,404,732	\$ 23,278,271	\$ 26,383,690	\$ 26,158,139	\$ 26,624,127	\$ 26,087,493
\$	412,952	\$ 485,700	\$ 390,293	\$ 309,180	\$ 343,201	\$ 297,328
	643,243	1,058,825	905,238	756,655	1,154,448	854,757
	120,415	118,705	132,778	148,505	151,463	135,463
	205,955	213,525	211,962	221,232	274,105	220,835
	131,517	393,789	153,613	32,399	13,314	18,300
	1,514,082	2,270,544	1,793,884	1,467,971	1,936,531	1,526,683
	5,762,679	6,481,304	6,561,926	7,568,954	9,127,908	9,185,357
	-	-	-	-	-	-
	5,762,679	6,481,304	6,561,926	7,568,954	9,127,908	9,185,357
\$	7,276,761	\$ 8,751,848	\$ 8,355,810	\$ 9,036,925	\$ 11,064,439	\$ 10,712,040
\$	(12,296,226)	\$ (12,673,989)	\$ (15,952,305)	\$ (15,131,782)	\$ (14,760,638)	\$ (14,742,186)
	(1,831,745)	(1,852,434)	(2,075,575)	(1,989,432)	(799,050)	(633,267)
\$	(14,127,971)	\$ (14,526,423)	\$ (18,027,880)	\$ (17,121,214)	\$ (15,559,688)	\$ (15,375,453)

VILLAGE OF ITASCA, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2009	2010	2011	2012
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS				
Governmental activities				
Taxes				
Property	\$ 3,197,830	\$ 3,585,694	\$ 2,845,048	\$ 2,891,673
Hotel	1,074,228	775,908	893,270	1,042,657
Intergovernmental	7,321,700	6,277,113	6,289,842	7,892,212
Miscellaneous	336,229	460,596	824,101	503,931
Investment income	212,177	73,549	31,137	16,596
Transfers in (out)	248,478	-	-	-
Total governmental activities	12,390,642	11,172,860	10,883,398	12,347,069
Business-type activities				
Intergovernmental	-	-	-	490,777
Miscellaneous	103,751	121,029	117,357	173,003
Investment income	134,465	51,162	169,112	84,955
Transfers in (out)	(248,478)	-	-	-
Total business-type activities	(10,262)	172,191	286,469	748,735
TOTAL PRIMARY GOVERNMENT	\$ 12,380,380	\$ 11,345,051	\$ 11,169,867	\$ 13,095,804
CHANGE IN NET POSITION				
Governmental activities	\$ (927,934)	\$ (3,569,531)	\$ (1,282,455)	\$ 590,528
Business-type activities	(541,082)	3,952,782	(2,029,166)	(830,406)
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	\$ (1,469,016)	\$ 383,251	\$ (3,311,621)	\$ (239,878)

Data Source

Audited Financial Statements

	2013	2014	2015	2016	2017	2018
\$	2,922,967	\$ 2,979,754	\$ 3,269,634	\$ 3,529,622	\$ 3,577,481	\$ 3,585,363
	1,229,225	1,214,144	1,260,731	1,237,362	1,235,160	1,252,114
	8,518,068	8,474,428	8,300,237	7,548,238	7,693,436	8,279,986
	626,420	639,080	713,792	995,486	765,799	663,313
	35,226	41,397	50,016	62,813	83,112	138,479
	-	-	(490,777)	-	-	(327,500)
	13,331,906	13,348,803	13,103,633	13,373,521	13,354,988	13,591,755
	490,777	451,761	451,661	448,652	444,939	440,224
	143,008	152,334	288,910	183,328	165,165	4,151,940
	6,797	1,850	1,394	1,135	4,662	12,591
	-	-	490,777	-	-	327,500
	640,582	605,945	1,232,742	633,115	614,766	4,932,255
\$	13,972,488	\$ 13,954,748	\$ 14,336,375	\$ 14,006,636	\$ 13,969,754	\$ 18,524,010
\$	1,035,680	\$ 674,814	\$ (2,848,672)	\$ (1,758,261)	\$ (1,405,650)	\$ (1,150,431)
	(1,191,163)	(1,246,489)	(842,833)	(1,356,317)	(184,284)	4,298,988
\$	(155,483)	\$ (571,675)	\$ (3,691,505)	\$ (3,114,578)	\$ (1,589,934)	\$ 3,148,557

VILLAGE OF ITASCA, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2009	2010	2011	2012*
GENERAL FUND				
Restricted	\$ 52,353	\$ 66,301	\$ 66,378	\$ 28,829
Unrestricted				
Unassigned	5,206,535	3,504,380	3,847,515	5,982,901
TOTAL GENERAL FUND	\$ 5,258,888	\$ 3,570,681	\$ 3,913,893	\$ 6,011,730
ALL OTHER GOVERNMENTAL FUNDS				
Restricted				
Debt Service Funds	\$ 139,505	\$ 146,577	\$ 146,018	\$ 144,975
Highways and streets	207,863	423,612	315,492	197,337
Tourism	870,615	621,686	1,003,328	1,289,202
Special service areas	-	-	-	1,475,387
Unrestricted				
Assigned	1,372,780	1,390,737	1,401,661	-
Unassigned	-	-	-	(62,801)
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 2,590,763	\$ 2,582,612	\$ 2,866,499	\$ 3,044,100

*The Village implemented GASB Statement No. 54 for the fiscal year ended April 30, 2012.

Data Source

Audited Financial Statements

2013	2014	2015	2016	2017	2018
\$ 29,750	\$ 32,584	\$ 35,375	\$ 35,375	\$ 39,975	\$ 40,131
8,071,249	9,851,800	10,128,426	9,642,012	10,279,454	10,050,956
<u>\$ 8,100,999</u>	<u>\$ 9,884,384</u>	<u>\$ 10,163,801</u>	<u>\$ 9,677,387</u>	<u>\$ 10,319,429</u>	<u>\$ 10,091,087</u>
\$ 144,975	\$ 399,709	\$ 393,413	\$ 485,254	\$ 351,541	\$ 353,087
209,596	236,020	300,244	320,821	524,709	229,601
1,838,982	2,271,858	2,409,882	2,252,892	2,490,265	2,712,547
1,480,222	4,460,058	2,364,786	2,221,053	2,344,744	2,435,318
-	-	-	-	637,802	1,569,980
(62,714)	(66,874)	(80,615)	(62,891)	(66,350)	(1,253)
<u>\$ 3,611,061</u>	<u>\$ 7,300,771</u>	<u>\$ 5,387,710</u>	<u>\$ 5,217,129</u>	<u>\$ 6,282,711</u>	<u>\$ 7,299,280</u>

VILLAGE OF ITASCA, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2009	2010	2011	2012
REVENUES				
Taxes	\$ 3,197,830	\$ 3,585,694	\$ 2,845,048	\$ 2,891,673
Hotel taxes	1,074,228	775,908	893,270	1,042,657
Licenses and permits	833,278	522,792	554,281	707,154
Intergovernmental	7,321,700	6,277,113	6,289,842	7,751,241
Food and beverage tax	-	-	-	140,971
Grants	246,140	241,142	445,982	306,152
Charges for services	236,314	122,632	127,079	130,679
Fines and forfeits	450,838	519,982	404,189	431,769
Investment income	212,177	73,549	31,137	16,596
Miscellaneous	336,229	460,596	824,100	503,931
Total revenues	13,908,734	12,579,408	12,414,928	13,922,823
EXPENDITURES				
General government	3,243,367	3,034,057	2,580,592	2,535,508
Public safety	4,498,301	4,431,600	4,842,148	4,826,298
Community development	712,405	623,152	537,172	589,131
Public works	3,484,131	3,826,295	1,885,239	1,784,094
Debt service				
Principal	1,495,000	1,750,000	1,050,000	1,075,000
Interest	563,410	610,662	513,474	466,314
Issuance costs	68,671	-	99,143	-
Capital outlay	380,177	-	379,204	371,040
Total expenditures	14,445,462	14,275,766	11,886,972	11,647,385
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(536,728)	(1,696,358)	527,956	2,275,438
OTHER FINANCING SOURCES (USES)				
Transfers in	1,264,565	107,055	188,328	280,975
Transfers (out)	(1,016,087)	(107,055)	(188,328)	(280,975)
Bonds issued at par	6,905,000	-	6,955,000	-
Premium on bonds issued	99,797	-	434,323	-
Payment to escrow agent	(6,936,126)	-	(7,290,180)	-
Total other financing sources (uses)	317,149	-	99,143	-
NET CHANGE IN FUND BALANCES	\$ (219,579)	\$ (1,696,358)	\$ 627,099	\$ 2,275,438
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	13.88%	10.38%	12.53%	15.45%

Data Source

Audited Financial Statements

	2013	2014	2015	2016	2017	2018
\$	2,922,967	\$ 2,979,754	\$ 3,269,634	\$ 3,529,623	\$ 3,577,481	\$ 3,585,363
	1,229,225	1,214,144	1,260,731	1,236,684	1,235,160	1,252,114
	643,243	1,058,825	905,238	756,655	1,154,448	854,757
	8,219,668	8,197,985	8,019,155	7,391,561	7,519,339	8,115,684
	298,400	276,443	281,082	303,324	325,824	321,108
	337,472	607,313	365,575	253,631	287,419	239,135
	120,415	118,705	132,778	148,505	214,973	170,948
	412,952	485,700	390,293	309,180	279,691	261,843
	35,226	41,397	50,016	62,813	83,112	138,479
	626,420	769,080	848,792	996,163	765,799	663,313
	14,845,988	15,749,346	15,523,294	14,988,139	15,443,246	15,602,744
	2,492,045	3,053,028	2,956,224	3,551,876	3,125,227	2,860,511
	4,785,808	4,719,758	5,092,099	5,543,869	4,813,666	5,179,348
	619,252	974,748	746,902	895,383	916,163	873,106
	2,512,072	2,788,188	3,545,124	3,241,538	1,571,269	1,917,068
	1,110,000	1,265,000	1,440,000	1,460,000	1,525,000	1,585,000
	436,378	482,338	560,577	531,468	473,300	411,613
	-	82,385	-	-	-	-
	234,203	250,805	2,325,235	421,000	1,310,997	1,660,371
	12,189,758	13,616,250	16,666,161	15,645,134	13,735,622	14,487,017
	2,656,230	2,133,096	(1,142,867)	(656,995)	1,707,624	1,115,727
	(119,530)	127,833	315,130	240,038	564,554	473,255
	119,530	(127,833)	(805,907)	(240,038)	(564,554)	(800,755)
	-	3,340,000	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	3,340,000	(490,777)	-	-	(327,500)
\$	2,656,230	\$ 5,473,096	\$ (1,633,644)	\$ (656,995)	\$ 1,707,624	\$ 788,227
	12.45%	12.73%	10.53%	12.40%	13.28%	12.36%

VILLAGE OF ITASCA, ILLINOIS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Fiscal Year	Farm	Residential Property	Commercial Property	Industrial Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Taxable Value
2008	2009	\$ 7,712	\$ 342,677,353	\$ 183,671,090	\$ 215,541,930	\$ 741,898,085	\$ 0.3411	\$ 2,227,922,177	33.30%
2009	2010	7,549	343,982,282	186,325,060	207,669,070	737,983,961	0.3475	2,216,168,051	33.30%
2010	2011	8,995	314,640,341	169,290,760	186,121,655	670,061,751	0.3888	2,012,197,450	33.30%
2011	2012	9,896	273,668,733	156,950,010	186,755,430	617,384,069	0.4290	1,854,006,213	33.30%
2012	2013	10,890	242,912,083	150,714,120	171,702,060	565,339,153	0.4811	1,697,715,174	33.30%
2013	2014	11,974	222,443,542	140,820,800	162,870,496	526,146,812	0.5257	1,580,020,456	33.30%
2014	2015	13,170	218,227,923	137,943,310	156,149,166	512,333,569	0.5479	1,538,539,246	33.30%
2015	2016	12,895	233,030,760	154,191,190	169,739,280	556,974,125	0.5084	1,672,594,970	33.30%
2016	2017	14,184	254,122,990	156,800,640	178,471,620	589,409,434	0.4832	1,769,998,300	33.30%
2017	2018	14,360	276,548,139	167,944,170	186,620,260	631,126,929	0.4611	1,895,276,063	33.30%

Note: Property in the Village is reassessed each year. Property is assessed at 33.30% of actual value.

Data Source

Dupage County Clerk

VILLAGE OF ITASCA, ILLINOIS

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 63,988,710	\$ 63,651,117	\$ 57,792,826	\$ 53,249,376	\$ 48,760,505	\$ 45,380,163	\$ 44,188,770	\$ 48,039,018	\$ 50,836,564	\$ 54,434,698
Total net debt applicable to limit	13,950,000	15,210,000	13,745,000	12,565,000	9,600,000	10,140,000	8,890,000	7,600,000	6,255,000	4,855,000
LEGAL DEBT MARGIN	\$ 50,038,710	\$ 48,441,117	\$ 44,047,826	\$ 40,684,376	\$ 39,160,505	\$ 35,240,163	\$ 35,298,770	\$ 40,439,018	\$ 44,581,564	\$ 49,579,698
TOTAL NET DEBT APPLICABLE TO THE LIMIT AS A PERCENTAGE OF DEBT LIMIT	21.80%	23.90%	23.78%	23.60%	19.69%	22.34%	20.12%	15.82%	12.30%	8.92%

Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin.

VILLAGE OF ITASCA, ILLINOIS

DIRECT AND OVERLAPPING SALES TAX RATES

Last Ten Calendar Years

Calendar Year	Village Direct Rate	Non-Home Rule Sales Tax Rate	DuPage County Water Commission	DuPage County	Regional Transportation Authority	State Rate	Total
2009	1.00%	0.50%	0.25%	0.25%	0.75%	5.00%	7.75%
2010	1.00%	0.50%	0.25%	0.25%	0.75%	5.00%	7.75%
2011	1.00%	0.50%	0.25%	0.25%	0.75%	5.00%	7.75%
2012	1.00%	0.50%	0.25%	0.25%	0.75%	5.00%	7.75%
2013	1.00%	0.50%	0.25%	0.25%	0.75%	5.00%	7.75%
2014	1.00%	0.50%	0.25%	0.25%	0.75%	5.00%	7.75%
2015	1.00%	0.50%	0.25%	0.25%	0.75%	5.00%	7.75%
2016	1.00%	0.50%	0.25%	0.25%	0.75%	5.00%	7.75%
2017	1.00%	0.50%	0.25%	0.25%	0.75%	5.00%	7.75%
2018	1.00%	0.50%	0.00%	0.25%	0.75%	5.00%	7.50%

Data Source

Department of Revenue