

**The Village of  
Harwood Heights, Illinois**

**Annual Financial Report**

**Year Ended April 30, 2008**

# The Village of **Harwood Heights**

Dedicated to Serving People with Pride

Mayor  
**ARLENE C. JEZIERNY**

Village Clerk  
**MARCIA L. FOLLOWY**

Trustees  
**MARK DOBRZYCKI**  
**MICHAEL J. GADZINSKI**  
**DEMETRIOS MOUGOLIAS**  
**THERESE SCHUEPFER**  
**LAWRENCE R. STEINER**  
**LESTER SZLENDAK**

March 1, 2010

Miller, Cooper & Co., Ltd.  
1751 W. Lake Cook Road, Ste 400  
Deerfield, Illinois 60015

In connection with your audit of the Village of Harwood Heights, Illinois,' basic financial statements as of and for the April 30, 2008, we confirm that we are responsible for the fair presentation in the financial statements of financial position, changes in financial position, and cash flows, as applicable, in conformity with accounting principles generally accepted in the United States of America.

We confirm to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. We have identified for you all organizations that are a part of this reporting entity or with which we have a relationship, as these organizations are defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards that are:
  - a. Component units.
  - b. Other organizations for which the nature and significance of their relationship with Village of Harwood Heights, Illinois, are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.
  - c. Jointly governed organizations in which we participated.
3. There are no other organizations for which the nature and significance of our relationship with the Village of Harwood Heights, Illinois, are such that exclusion of our financial information would cause that primary government's reporting entity's financial statements to be misleading or incomplete, as these terms are defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards.
4. We have identified for you all of our funds, governmental functions, and identifiable business-type activities.
5. We have properly classified all funds and activities.
6. We have properly determined and reported the major governmental and enterprise funds based on the required quantitative criteria
7. We are responsible for compliance with laws and regulations applicable to Village of Harwood Heights, Illinois, including adopting, approving, and amending budgets.

7300 West Wilson Avenue  
Harwood Heights, Illinois 60706  
Tel (708) 867-7200  
Fax (708) 867-3038  
[www.harwoodheights.org](http://www.harwoodheights.org)

8. We have identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts including legal and contractual provisions for reporting specific activities in separate funds.
9. We have made available to you:
  - a. All financial records and related data of all funds and activities, including those of all special funds, programs, departments, projects, activities, etc., in existence at any time during the period covered by your audit.
  - b. All minutes of the meetings of the governing board and committees of board members or summaries of actions of recent meetings for which minutes have not yet been prepared.
10. We have no knowledge of fraud or suspected fraud, other than the current case with the State's Attorney, affecting the entity involving:
  - a. Management or employees who have significant roles in the internal control.
  - b. Others where the fraud could have a material effect on the financial statements.
11. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.
12. We have no knowledge of any allegations of fraud or suspected fraud, other than the current case with the State's Attorney, affecting the Village received in communications from employees, former employees, analysts, regulators, or others.
13. We have informed you of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the entity's ability to record, process, summarize, and report financial data.
14. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
15. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
16. The following have been properly recorded and/or disclosed in the financial statements:
  - a. Interfund transactions, including interfund accounts, advances receivable and payable, and interfund transfers, all of which have been recorded in accordance with the economic substance of the transaction and appropriately classified and reported.
  - b. The fair value of investments.
  - c. Debt issue provisions.
  - d. Deposits and investment securities category of custodial credit risk.
  - e. Amounts of contractual obligations for construction or purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
  - f. Debt issue provisions.
  - g. Leases and material amounts of rental obligations under long-term leases.
17. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made.

- a. To reduce receivables to their estimated net collectable amounts.
- b. For risk retention, including uninsured losses or loss retentions (deductibles) attributable to events occurring through April 30, 2008 and/or for expected retroactive insurance premium adjustments applicable to periods through April 30, 2008.
- c. For pension obligations, postretirement benefits other than pensions, and deferred compensation agreements attributable to employee services rendered through April 30, 2008.

18. There are no:

- a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
- b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Federal Environmental Protection Agency or any equivalent state agencies in connection with any environmental contamination.
- c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5 and/or GASB Statement No. 10.
- d. All significant estimates and material concentrations known to management which are required to be disclosed in accordance with the AICPA's Statement of Position No. 94-6, *Disclosure of Certain Significant Risks and Uncertainties*. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year.
- e. Guarantees, whether written or oral, under which the Village is contingently liable.
- f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
- g. Line of credit or similar arrangements.
- h. Agreements to repurchase assets previously sold.
- i. Security agreements in effect under the Uniform Commercial Code.
- j. Any other liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
- k. Any liabilities which are subordinated in any way to any other actual or possible liabilities.
- l. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.
- m. Authorized but unissued bonds and/or notes.
- n. Risk financing activities.
- o. Derivative financial instruments.
- p. Special and extraordinary items.
- q. Material losses to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
- r. Material losses to be sustained as a result of purchase commitments.

s. Environmental clean up obligations.

19. We are not aware of any pending or threatened litigation, claims, or assessments that are required to be accrued or disclosed in the financial statements in accordance with Statement of Financial Accounting Standards No.5 and/or GASB Statement No. 10 and we have not consulted a lawyer concerning litigation claims or assessments.
20. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private, that is not disclosed in the financial statement.
21. We have satisfactory title to all owned assets.
22. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
23. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
24. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
25. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, and capital grants and contributions
26. Capital assets, including infrastructure assets, are properly capitalized, reported, and depreciated.
27. Required supplementary information is properly measured and presented.
28. We are responsible for and have reviewed and approved the proposed adjustments to the trial balances identified during the audit, which are included in the summarized schedule of posted adjustments and will post all adjustments accordingly. A listing of all entries is attached. We have reviewed, approved, and are responsible for overseeing the preparation and completion of the basic financial statements and related notes.
29. No events or transactions have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
30. During the course of your audit, you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.
31. We believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate to the financial statements taken as a whole. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

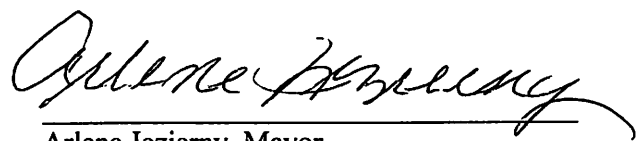
DESCRIPTION	Correction of Error - Debit (Credit)						CUMULATIVE EFFECT ON FUND BALANCE
	FUND						
	ASSETS	LIABILITIES	BALANCE	REVENUE	EXPENDITURES		
CARRYOVER IMPACT FROM PREVIOUS YEARS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

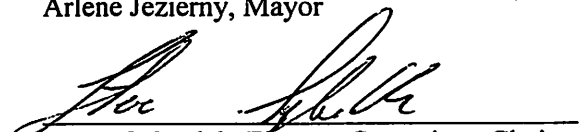
CURRENT YEAR MISSTATEMENTS

*Known Errors:*

Adjust E911 receivables to actual	4,326	-	-	(4,326)	-	(4,326)
<i>Projected Errors:</i>						
None	-	-	-	-	-	-
Total current year misstatements	\$ <u>4,326</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(4,326)</u>	\$ <u>-</u>	\$ <u>(4,326)</u>

VILLAGE OF HARWOOD HEIGHTS, ILLINOIS

  
Arlene Jezierny, Mayor

  
Lester Szlendak, Finance Committee Chair

# The Village of Harwood Heights

Dedicated to Serving People with Pride

March 4, 2010

Miller, Cooper & Co., Ltd  
1751 W. Lake Cook Road, Suite #400  
Deerfield, IL 60015

RE: Management Letter Response

We have reviewed the Management Letter for fiscal year ending 2008 and the following is in response.

On May 1, 2009, a new Mayor took office. The 2008 audit was delayed due to direction of the prior administration and the difficulty of our former accountant not having the Village's accounting records in good order and providing the documents to our auditors. Since taking over with a new administration, we have made significant strides in addressing these financial issues.

During the compiling of data for the 2008 audit, we have discovered a number of issues that required immediate attention:

- the finding of several checks totaling over \$200,000 that were not deposited since 2005 and each was addressed
- alleged misappropriation of funds that required a separate forensic audit which has been turned over to the states attorney's office,
- trial balance software glitch remedied by Fundware support
- immediate dismissal of the accountant
- hired professional accounting consultants that worked diligently to thoroughly review our general fund, reconcile years of bank statement balances and provided the necessary documents to our auditors for completion of the 2008 audit.
- awarded grants were not properly tracked and now are properly reviewed.

Since taking office in May of 2009, control deficiencies were resolved through a number of internal controls that were added to our financial processes that now provide checks and balances in our daily operations and procedures from payables, payroll, cash transactions, village collections, and also the adoption of a financial policy.

Additional accounting practices are being examined and addressed with the goal of having written policies compiled in a Financial Procedures manual. Other methods will also be explored and implemented to automate transactions to eliminate duplication of effort and reduce possible errors. Since we are currently in the process of our fiscal year 2009 audit, these changes in operations will be reflected in our current fiscal year 2010.

This administration was faced with so many issues that required proper procedural policies and changes to operations. Each will be addressed.

Sincerely,



Mayor Arlene Jezierny  
and the Harwood Heights Village Board

Mayor  
ARLENE C. JEZIERNY

Village Clerk  
MARCIA L. FOLLOWY

Trustees  
MARK DOBRZYCKI  
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# MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

Mayor and Board of Trustees  
Village of Harwood Heights  
7300 W. Wilson Ave.  
Harwood Heights, Illinois

We have audited the financial statements of the Village of Harwood Heights (the Village) as of and for the year ended April 30, 2008, and have issued our report thereon dated March 1, 2010. Professional standards require that we advise you of the following matters relating to our audit.

## **Our Responsibility under Auditing Standards Generally Accepted in the United States of America**

As communicated in our engagement letter dated December 23, 2008, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Village solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you. We have provided our comments regarding significant control deficiencies, material weaknesses, and other matters noted during our audit in a separate letter dated March 1, 2010.

## **Other Information in Documents Containing Audited Financial Statements**

We are not aware of any other documents that contain the audited financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the Village of Harwood Heights.

## **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing that we previously communicated to you.



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## **Qualitative Aspects of the Village of Harwood Heights' Significant Accounting Practices**

### *Significant Accounting Policies*

Management and the Board have the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Village is included in Note A to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2008. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Policies which will be Applicable in Future Years*

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*, is effective for the Village's fiscal year ending April 30, 2009. This new standard addresses how employers should account for and report costs and obligations for postemployment health care and other non-pension postemployment benefits promised to employees.

GASB Statement No. 50, *Pension Disclosures*, more closely aligns financial reporting requirements for pensions with those for the other postemployment benefits (OPEB) and provides enhanced information in the notes to the financial statements and required supplementary information (RSI) for users of government financial statements. Statement No. 50 is effective for the fiscal year ending April 30, 2009.

GASB Statement No. 51, *Accounting and Reporting for Intangible Assets*, issued in June 2007, will be effective for the Village beginning with its year ending April 30, 2011. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to existing authoritative guidance for capital assets.

GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, issued in November 2007, will be effective for the Village beginning with its year ending April 30, 2010. This Statement establishes new standards for the reporting of land and other real estate held as investments by endowments. Under this Statement, endowments are required to report their land and other real estate investments at fair value.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued in June 2008, will be effective for the Village beginning with its year ending April 30, 2011. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Common types of derivative instruments used by governments include interest rate and commodity swaps, interest rate locks, options (caps, floors, and collars), swaptions, forward contracts, and futures contracts.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-Type Definitions*, issued in February 2009, will be effective for the Village beginning with its year ending April 30, 2012. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund-type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources in the governmental funds.

The Village's management has not yet determined the effect that these Statements will have on the Village's financial statements.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are allowances for bad debts and depreciation. The Board of Trustees may wish to monitor throughout the year the process used to compute and record these accounting estimates.

#### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Village's financial statements relate to pension disclosures.

### **Significant Difficulties Encountered during the Audit**

Although we ultimately received the full cooperation of management and believe that we were given direct and unrestricted access to the Village's offices and senior management, this did not occur until the new Mayor took office. We experienced significant difficulties in the performance of the audit owing to the failure of the Village's accounting personnel to prepare the requested audit schedules as initially agreed. These difficulties resulting from receiving incomplete or inaccurately prepared audit schedules, or not receiving the requested audit schedules at all, significantly added to the time and related cost of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. There was one uncorrected misstatements identified by us.

Management has passed on adjusting the E911 receivables to actual. If this adjustment was posted, the fund balance would increase by \$4,326.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. All corrected misstatements are attached.

#### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Village's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

#### **Representations Requested from Management**

We have requested certain written representations from management, which are included in a separate letter dated March 1, 2010.

#### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

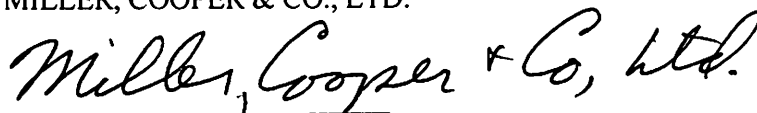
#### **Other Significant Findings or Issues**

In the normal course of our professional association with the Village, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Village, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Village's auditors.

\* \* \* \* \*

This report is intended solely for the information and use of the Mayor, Board of Trustees, and management of the Village of Harwood Heights and is not intended to be and should not be used by anyone other than these specified parties.

MILLER, COOPER & CO., LTD.

A handwritten signature in cursive script that reads "Miller, Cooper & Co., Ltd." is written over a horizontal line.

Certified Public Accountants

Deerfield, Illinois  
March 1, 2010

Number	Date	Account Name	Account No.	Reference	Debit	Credit
AJE 1	4/30/2008	Due from Bond Fund	11 00-55 1990 GEN		178	
AJE 1	4/30/2008	Due To/From GeneralFund	55 00-11 1990 GOBOND			178
<i>To balance general and GO bond funds</i>						
AJE 02	4/30/2008	Fund Balance	11 00-00 3000 GEN	7901		2
AJE 02	4/30/2008	Miscellaneous	11 01-00 7049 GEN	7901	2	
<i>To adjust fund balance to actual</i>						
AJE 03	4/30/2008	SA25 CD	66 00-00 1000 AGENCY	1001	3,479.00	
AJE 03	4/30/2008	SA26	66 00-00 1026 AGENCY	1001	1,506.00	
AJE 03	4/30/2008	Interest Income	66 00-00 4005 AGENCY	1001		1,506.00
AJE 03	4/30/2008	Interest Income	66 00-00 4005 AGENCY	1001		3,479.00
<i>To adjust cash balance to actual for interest income on Money Market Account.</i>						
AJE 04	4/30/2008	PPF Tax ReceiptsPayable	11 00-00 2010 GEN	1501	358,123.00	
AJE 04	4/30/2008	PPF Tax ReceiptsPayable	11 00-00 2010 GEN	1501		219,041.00
AJE 04	4/30/2008	Police Pension R/E Tax	11 00-00 4032 GEN	1501	358,123.00	
AJE 04	4/30/2008	Police Pension R/E Tax	11 00-00 4032 GEN	1501		219,041.00
AJE 04	4/30/2008	Real Estate Tax	11 00-00 4035 GEN	1501		358,123.00
AJE 04	4/30/2008	Real Estate Tax	11 00-00 4035 GEN	1501	219,041.00	
AJE 04	4/30/2008	Pension Expense	11 05-00 8990 GEN	1501		358,123.00
AJE 04	4/30/2008	Pension Expense	11 05-00 8990 GEN	1501	219,041.00	
<i>PBC entry to correct amount due to property tax collections received by the Village for the Police Pension Fund.</i>						
AJE 05	4/30/2008	Accounts Payable	11 00-00 2000 GEN	2002		29,863.00
AJE 05	4/30/2008	Accounts Payable	11 00-00 2000 GEN	2002		37,775.00
AJE 05	4/30/2008	Accounts Payable	11 00-00 2000 GEN	2002		42,953.00
AJE 05	4/30/2008	Accounts Payable	11 00-00 2000 GEN	2002		74,587.00
AJE 05	4/30/2008	Accounts Payable	11 00-00 2000 GEN	2002		56,535.00
AJE 05	4/30/2008	Due from Water Fund	11 00-22 1990 GEN	2002	37,775.00	
AJE 05	4/30/2008	Due To/From SSAFund	11 00-56 1990 GEN	2002	42,953.00	
AJE 05	4/30/2008	Due To/From SSAFund	11 00-56 1990 GEN	2002	56,535.00	
AJE 05	4/30/2008	Property/Liability/AutoInsura	11 03-00 8000 GEN	2002	74,587.00	
AJE 05	4/30/2008	Equipment	11 06-00 9000 GEN	2002	29,863.00	
AJE 05	4/30/2008	Purchase of Water	22 00-00 6010 WF	2002	37,775.00	
AJE 05	4/30/2008	Due To/From GeneralFund	22 00-11 1990 WF	2002		37,775.00
AJE 05	4/30/2008	Accounts Payable	33 00-00 2000 E911	2002		19,893.00
AJE 05	4/30/2008	Maintenance	33 00-00 7030 E911	2002	19,893.00	
AJE 05	4/30/2008	Water main replacement	56 00-00 7005 SSA	2002	42,953.00	
AJE 05	4/30/2008	Water main replacement	56 00-00 7005 SSA	2002	56,535.00	
AJE 05	4/30/2008	Due To/From GeneralFund	56 00-11 1990 SSA	2002		42,953.00
AJE 05	4/30/2008	Due To/From GeneralFund	56 00-11 1990 SSA	2002		56,535.00
<i>To record improperly excluded items from AP Search ( DiMeo Bros, Elgin Sweeper, City of Chicago &amp; Valor Systems)</i>						
AJE 06	4/30/2008	Accrued Longevity	11 00-00 2850 GEN	6003		16,101.00
AJE 06	4/30/2008	Longevity Pay	11 05-00 5024 GEN	6003	16,101.00	
<i>To adjust Accrued Police Longevity Pay to actual.</i>						
AJE 07	4/30/2008	Due from Crim InvestFnd	11 00-70 1990 GEN	4601	5,255.00	
AJE 07	4/30/2008	Due To/From Police Pension	11 00-77 1990 GEN	4601		5,255.00
<i>To reverse incorrect posting of due to/from criminal investigation fund and police pension fund.</i>						
AJE 08	4/30/2008	Principal	11 12-00 7095 GEN	5001	3,112.00	
AJE 08	4/30/2008	Interest	11 12-00 7096 GEN	5001		3,112.00
<i>To adjust principal and interest to actual.</i>						

Number	Date	Account Name	Account No.	Reference	Debit	Credit
AJE 09	4/30/2008	Accounts Receivable	22 00-00 1500 WF	1515		8,862.00
AJE 09	4/30/2008	Water Sales	22 00-00 4000 WF	1515	8,862.00	
<i>To adjust water receivable to actual for difference between detail and the trial</i>						
AJE 10	4/30/2008	Capital Lease Payable	22 00-00 2060 WF	5001	11,370.00	
AJE 10	4/30/2008	Miscellaneous	22 00-00 6019 WF	5001	3,285.00	
AJE 10	4/30/2008	Other Equipment	22 00-00 9005 WF	5001		14,655.00
<i>To adjust capital lease payable - Backhoe to actual.</i>						
AJE 11	4/30/2008	Unbilled Water	22 00-00 1800 WF	1515	2,245.00	
AJE 11	4/30/2008	Water Sales	22 00-00 4000 WF	1515		2,245.00
<i>To adjust unbilled water AR to to actual per detail.</i>						
AJE 12	4/30/2008	Checking - Police Auction	11 00-00 1042 GEN	1001	11,476.00	
AJE 12	4/30/2008	Police Auction Proceeds	11 00-00 4072 GEN	1001		11,476.00
<i>To record police auction proceeds.</i>						
AJE 13	4/30/2008	Sewer Fee Liability	22 00-00 2050 WF	6006		12,462.00
AJE 13	4/30/2008	City of ChicagoSewer Fees	22 00-00 6050 WF	6006	12,462.00	
<i>To adjust prepaid sewer fee liability to actual.</i>						
AJE 14	4/30/2008	Real Estate Tax	11 00-00 4035 GEN	1501	113,213.00	
AJE 14	4/30/2008	Due from Bond Fund	11 00-55 1990 GEN	1501		113,213.00
AJE 14	4/30/2008	R.E. Taxes	55 00-00 4035 GOBOND	1501		113,213.00
AJE 14	4/30/2008	Due To/From GeneralFund	55 00-11 1990 GOBOND	1501	113,213.00	
<i>To reclass portion of Gen Fund real estate tax to GO Bond Fund.</i>						
AJE 15	4/30/2008	Deferred Real EstateTaxes	11 00-00 1100 GEN	1507		1,595.00
AJE 15	4/30/2008	Real Estate TaxRec.PPF	11 00-00 1102 GEN	1507		11,667.00
AJE 15	4/30/2008	Deferred Real EstateTax (R&B)	11 00-00 1105 GEN	1507	777	
AJE 15	4/30/2008	Deferred Real EstateTax	11 00-00 2400 GEN	1507	1,595.00	
AJE 15	4/30/2008	Deferred PolicePensionTax	11 00-00 2425 GEN	1507	11,667.00	
AJE 15	4/30/2008	Deferred R & B Tax	11 00-00 2450 GEN	1507		777
AJE 15	4/30/2008	Deferred Real EstateTaxes Rec	55 00-00 1105 GOBOND	1507	208,063.00	
AJE 15	4/30/2008	Deferred Real EstateTax	55 00-00 2400 GOBOND	1507		208,063.00
<i>To adjust property tax receivable and deferred property tax revenue to actual.</i>						
AJE 16	4/30/2008	Police Pension R/E Tax	11 00-00 4032 GEN	1501		163,640.00
AJE 16	4/30/2008	Pension Expense	11 05-00 8990 GEN	1501	163,640.00	
<i>PBC entry - To record property tax collected directly by Police Pension Fund from Cook County.</i>						
AJE 17	4/30/2008	Real Estate Tax	11 00-00 4035 GEN		3,025.00	
AJE 17	4/30/2008	Interest Income	11 00-00 4040 GEN			3,025.00
<i>PBC entry - to reclass interest income from property tax.</i>						
AJE 18	4/30/2008	Other Receivables	11 00-00 1190 GEN			32,652.00
AJE 18	4/30/2008	Salary Accountant	11 03-00 5008 GEN			2,474.00
AJE 18	4/30/2008	Misc Cost - M. Boyd	11 03-00 7080 GEN		46,078.00	
AJE 18	4/30/2008	Salary Officers	11 05-00 5000 GEN			839
AJE 18	4/30/2008	Salary Patrolmen	11 05-00 5003 GEN			1,630.00
AJE 18	4/30/2008	Overtime	11 05-00 5015 GEN			3,530.00
AJE 18	4/30/2008	Other Maintenance Compensatio	11 06-00 5003 GEN			4,953.00
<i>PBC entry - to reclass M Boyd fraudulent payrolls to Misc. Costs.</i>						

Number	Date	Account Name	Account No.	Reference	Debit	Credit
AJE 19	4/30/2008	ALLOTMENT RECEIVABLE	44 00-00 1103 MFT		13,130.00	
AJE 19	4/30/2008	State Allotments	44 00-00 4001 MFT			13,130.00
<i>PBC entry - to record IDOT checks to the Village in High Growth Allotments that were never deposited.</i>						
AJE 20	4/30/2008	Taxes Receivable	33 00-00 1100 E911		5,921.00	
AJE 20	4/30/2008	Utility Tax Receipts	33 00-00 4001 E911			5,921.00
<i>PBC entry - to record vendor checks to the Village that were received but not deposited. Vendors have been requested to replace these checks.</i>						
AJE 21	4/30/2008	Depreciation	22 00-00 2200 WF	4001		14,339.00
AJE 21	4/30/2008	Depreciation Expense	22 00-00 7050 WF	4001	14,339.00	
<i>To record depreciation expense for water fund capital assets.</i>						
AJE 22	4/30/2008	WFR reimbursement-Mtce Salaries	11 00-00 4060 GEN	8100		33,815.00
AJE 22	4/30/2008	WFR reimbursement-Office Salari	11 00-00 4065 GEN	8100		16,916.00
AJE 22	4/30/2008	Due from Water Fund	11 00-22 1990 GEN	8100	50,731.00	
AJE 22	4/30/2008	Reimb to GF for Mtce Staff	22 00-00 7047 WF	8100	33,815.00	
AJE 22	4/30/2008	Reimb to GF for Office Staff	22 00-00 7048 WF	8100	16,916.00	
AJE 22	4/30/2008	Due To/From General Fund	22 00-11 1990 WF	8100		50,731.00
<i>PBC entry - to record water &amp; sewer fund reimbursement of office salaries and maintenance salaries as a due to/from.</i>						
AJE 23	4/30/2008	Accrued Vacation Payable	11 00-00 2800 GEN	6002		2,288.00
AJE 23	4/30/2008	Staff Engineer	11 01-00 7062 GEN	6002	2,288.00	
<i>PBC entry - to reclassify vacation pay expense for staff engineer.</i>						
AJE 24	4/30/2008	Dental Insurance Withheld	11 00-00 2117 GEN		9,877.00	
AJE 24	4/30/2008	Health/Dental/Life/AD&D/EAP	11 01-00 7015 GEN			678
AJE 24	4/30/2008	Health/Dental/Life/AD&D/EAP	11 03-00 7015 GEN			291
AJE 24	4/30/2008	Health/Dental/Life/Ad&D/EAP	11 05-00 7015 GEN			7,940.00
AJE 24	4/30/2008	Health/Dental/Life/AD&D/EAP	11 06-00 7015 GEN			871
AJE 24	4/30/2008	Health/Dental/Life/AD&D/EAP	11 07-00 7015 GEN			97
<i>PBC entry - To reclass balances in Dental Insurance withholding.</i>						
AJE 25	4/30/2008	IMRF Withheld	11 00-00 2115 GEN	6002	2,213.00	
AJE 25	4/30/2008	IMRF Expense	11 01-00 7018 GEN	6002		279
AJE 25	4/30/2008	IMRF Expense	11 03-00 7018 GEN	6002		360
AJE 25	4/30/2008	IMRF Expense	11 05-00 7018 GEN	6002		776
AJE 25	4/30/2008	IMRF Expense	11 06-00 7018 GEN	6002		666
AJE 25	4/30/2008	IMRF Expense	11 08-00 7018 GEN	6002		54
AJE 25	4/30/2008	IMRF Expense	11 08-00 7018 GEN	6002		78
<i>PBC entry - to reclass prior year remaining IMRF withholding balance.</i>						
AJE 26	4/30/2008	Police Pension R/E Tax	11 00-00 4032 GEN			19,671.00
AJE 26	4/30/2008	Pension Expense	11 05-00 8990 GEN		19,671.00	
<i>To record direct pmt of property taxes to Police Pension Fund.</i>						
					<b>2,462,702.00</b>	<b>2,462,702.00</b>

# **Village of Harwood Heights, Illinois**

## **ANNUAL FINANCIAL REPORT**

**Year Ended April 30, 2008**

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# **Village of Harwood Heights, Illinois**

## **ANNUAL FINANCIAL REPORT**

**Year Ended April 30, 2008**

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# **Village of Harwood Heights, Illinois**

## **ANNUAL FINANCIAL REPORT**

**Year Ended April 30, 2008**

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**(Concluded)**

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**INTRODUCTORY SECTION**

**Village of Harwood Heights**  
**PRINCIPAL OFFICIALS**  
**Year Ended April 30, 2008**

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**Margaret Fuller, Mayor**

**Dianne Larson, Village Clerk**

**Joseph Russo, Treasurer**

**Board of Trustees**

**Demetrios Mougolias**

**Lester Szlendak**

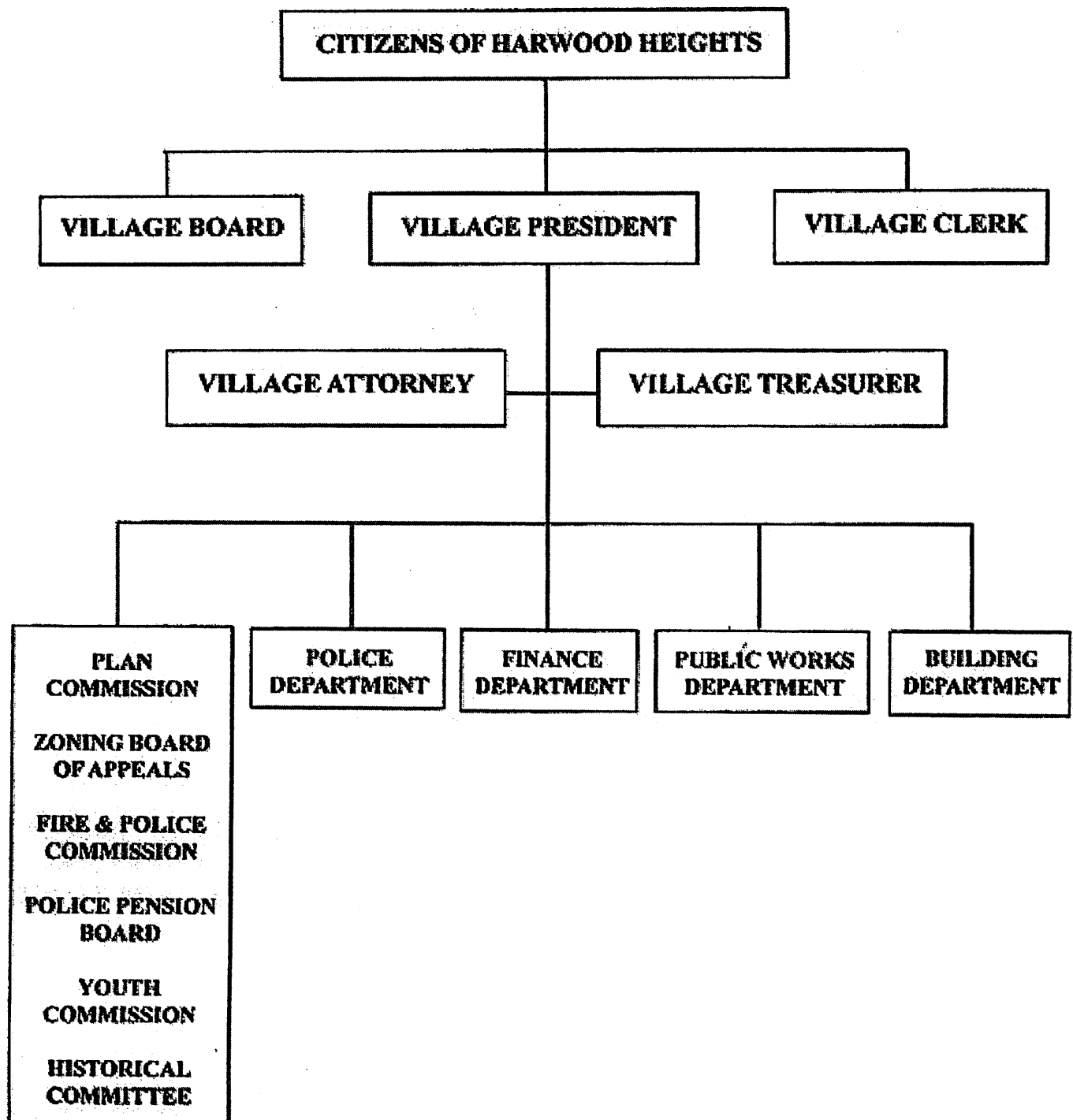
**Michael Gazinski**

**Mark Dobrzycki**

**Arlene Jezierny**

**Therese Schuepfer**

# ORGANIZATION CHART



**FINANCIAL SECTION**



# MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

To the Mayor and Board of Trustees  
Village of Harwood Heights, 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 Harwood Heights, Illinois, as of and for the year ended April 30, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Harwood Heights' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Police Pension Fund, a pension trust fund included as a fiduciary fund type, whose accounts are included in the basic financial statements. Total assets and revenues of the Police Pension Fund constitute 99% and 100%, respectively, of the assets and revenues of the fiduciary fund types. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police Pension Fund in the Village's basic financial statements, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, 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 Harwood Heights, Illinois, as of April 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

(Continued)

To the Mayor and Board of Trustees  
Village of Harwood Heights, Illinois

(Continued)

The management's discussion and analysis on pages 3 through 10 and the budgetary comparison information and the Illinois Municipal Retirement Fund and the Police Pension Fund supplementary information on pages 48 through 53 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Village of Harwood Heights, Illinois. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

MILLER, COOPER & CO., LTD

  
Certified Public Accountants

Deerfield, Illinois  
March 1, 2010



**Village of Harwood Heights, Illinois**  
**Management's Discussion and Analysis**  
**April 30, 2008**

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The Village of Harwood Heights (the Village) Management's Discussion and Analysis (MD&A) is designed to assist the reader in focusing on significant financial issues, provide an overview of the Village's financial activity, identify changes in the Village's financial position, identify any material deviations from the approved appropriations, and identify individual fund issues or concerns. Please read the information presented here in conjunction with additional information furnished in the Village's audited financial statements and accompanying footnotes, which follow this narrative.

**Financial Highlights**

- The assets of the Village exceeded its liabilities at the close of Fiscal Year 2008 by \$8,686,498 including \$6,634,620 in capital assets, net of related debt.
- At the close of Fiscal Year 2008, the Village's governmental funds reported combined ending fund balances of \$4,831,349. Approximately 44%, or \$2,107,487, of the total fund balance is available for spending at the Village's discretion as unreserved, undesignated fund balances.
- At the end of Fiscal Year 2008, the unreserved, undesignated portion of the General Fund balance was \$1,653,310, or approximately 24% of total General Fund expenditures for the fiscal year.
- The Village's long-term debt, excluding the net pension obligation and compensated absences payable, decreased by \$248,090 during Fiscal Year 2008 through the reduction of principal and interest for the installment note payable and capital lease obligations.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. In addition to the basic financial statements, this report contains supplemental information to enhance the understanding of the overall financial condition of the Village.

**Government-Wide Financial Statements**

The first two basic financial statements are the Governmental-wide Financial Statements on pages 14 through 16, inclusive. These financial statements are intended to provide the reader with a broad overview of the Village's finances, not unlike the financial statements of a private-sector business. The government-wide statements provide short- and long-term information about the Village's financial condition as a whole.

**Village of Harwood Heights, Illinois**  
**Management's Discussion and Analysis**  
**April 30, 2008**

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The two government-wide statements report the Village's net assets and how they changed during the reporting period. Net assets are the difference between the Village's total assets and the total liabilities. Measuring net assets is one method of gauging the Village's financial condition.

The government-wide statements are divided into two categories: government activities and business-type activities. Government activities include the Village's basic services such as public safety, public works, and general administration. Property taxes, state revenue sharing, and fees finance most of those basic governmental services. Business-type activities are those for which the Village charges residents; water and sewer service were the Village of Harwood Heights' only business-type activity during Fiscal Year 2008.

**Fund Financial Statements**

The fund financial statements on pages 14 through 25 provide a more detailed look at the Village's most significant activities. A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Harwood Heights, like virtually all governmental entities, uses fund accounting to ensure and report compliance with finance-related legal requirements. All of the Village of Harwood Heights' funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds**

Governmental funds are used to account for those functions reported as governmental activities in the previously described government-wide financial statements. Most of the Village's basic services, i.e., public safety, public works, and general administration are accounted for in governmental funds. These funds focus on how assets can be readily converted into cash flow in and out, and what monies remain at year-end that will be available for use in the following year(s). Governmental funds are reported using the modified accrual accounting method that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that allows a determination as to whether there are more or less financial resources available to finance the Village's programs. The reconciliation between the net change in total fund balance for all governmental funds (as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances, page 19) and the change in net assets of governmental activities (as reported in the Statement of Activities, pages 15 and 16) is a part of the fund financial statements and is found on page 18.

**Village of Harwood Heights, Illinois**  
**Management's Discussion and Analysis**  
**April 30, 2008**

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The Village of Harwood Heights adopts an annual, fiscal year appropriation ordinance for its General Fund, Motor Fuel Tax Fund, Emergency Telephone System Fund, and Special Service Area Bond Proceeds Fund, as required by Illinois Statutes. The appropriation ordinance is a legally adopted document that evolves from input from the citizens of the Village, recommendations from Village management, and Board of Trustees' decisions as to what services to provide and how to finance such services. The annual appropriation ordinance also authorizes the Village to obtain funds from specific sources to finance the current period's services. The General Fund budget to actual schedules disclose how well the Village complied with the appropriation ordinance and whether the Village succeeded in providing the services planned in the adopted appropriation ordinance. The Village's budgetary statements are presented in a three-column format: Column 1) the original and final appropriation as adopted by the Board of Trustees and filed, as required, with the Office of the Clerk of Cook County; 2) actual revenues, expenditures, and ending balances of the funds; and 3) the variance, or difference, between the original and final appropriation ordinance and actual revenues and expenditures. The General Fund's Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual for Fiscal Year 2008 is found on page 56 in the Required Supplementary Information section.

**Proprietary**

The Village of Harwood Heights has one proprietary fund which is used to report the same functions presented as business-type activities in the government-wide financial statements. The Village's only proprietary fund is the Water and Sewer Fund. The Village adopts an annual fiscal year appropriation ordinance for its Water and Sewer Fund.

**Fiduciary Funds**

The Village of Harwood Heights has two fiduciary funds that are used to account for assets held by the Village for benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the Village's programs. The Village's fiduciary funds are the Special Assessments Fund and the Police

**Notes to the Financial Statements**

The notes on pages 24 through 55 inclusive, provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Village of Harwood Heights, Illinois**  
**Management's Discussion and Analysis**  
**April 30, 2008**

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**Other Information**

In addition to the previously described basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Village's pension obligations to its employees and General Fund and Motor Fuel Tax Funds appropriations to actual comparisons as found on pages 56 through 61, inclusive. Other supplementary information on pages 62 through 74, inclusive, includes combining statements and schedules of the nonmajor funds and schedules of the General Fund's revenues and expenditures. A schedule of changes in the assets and liabilities of the Special Assessments Fund is on page 75.

**Village of Harwood Heights Financial Analysis**

**Net Assets**

As noted earlier, net assets may serve, over time, as one useful indicator of a government's financial condition. The assets of the Village of Harwood Heights exceeded its liabilities by \$8,686,498 as of April 30, 2008. However, the majority, about 76%, of that amount reflects the Village's investment in capital assets (e.g., land, buildings, streets, water mains, machinery, and equipment) less any related debt still outstanding that was used to acquire those assets. The Village uses those capital assets to provide services to citizens; consequently, they are not available for future spending. Although the Village's investment in its capital assets is reported net of the outstanding related debt, the resources required to repay that debt must come from other sources since the capital assets cannot be used to liquidate those liabilities. Unrestricted net assets for governmental activities were a negative \$1,672,373, and unrestricted net assets for business-type activities, which can be used to finance day-to-day operations, were \$899,700.

**Village of Harwood Heights, Illinois**  
**Management's Discussion and Analysis**  
**April 30, 2008**

**Condensed Statements of Changes in Net Assets-Fiscal Years 2007 and 2008**

	Governmental Activities		Business-Type Activity		Total Primary Government	
	2007	2008	2007	2008	2007	2008
Current/ Other Assets	\$7,979,024	\$7,329,918	\$1,165,368	\$899,700	\$9,144,392	\$8,229,618
Capital Assets	\$11,460,732	\$12,059,529	\$110,356	\$96,017	\$11,571,088	\$12,155,546
<b>Total Assets</b>	<b>\$19,439,756</b>	<b>\$19,389,447</b>	<b>\$1,275,724</b>	<b>\$995,717</b>	<b>\$20,715,480</b>	<b>\$20,385,164</b>
Current/Other Liabilities	\$2,278,655	\$2,597,702	\$257,207	\$0	\$2,535,862	\$2,597,702
Long-term liabilities	\$8,119,986	\$9,062,187	\$38,777	\$38,777	\$8,158,763	\$9,100,964
<b>Total Liabilities</b>	<b>\$10,398,641</b>	<b>\$11,659,889</b>	<b>\$295,984</b>	<b>\$38,777</b>	<b>\$10,694,625</b>	<b>\$11,698,666</b>
Investment in capital assets-net of related debt	\$6,784,375	\$6,577,380	\$60,209	\$57,240	\$6,844,584	\$6,634,620
Restricted Net Assets	\$719,309	\$2,824,551	\$0	\$0	\$719,309	\$2,824,551
Unrestricted Net Assets	\$1,537,431	(\$1,672,373)	\$919,531	\$899,700	\$2,456,962	(\$772,673)
<b>Total Net Assets</b>	<b>\$9,041,115</b>	<b>\$7,729,558</b>	<b>\$979,740</b>	<b>\$956,940</b>	<b>\$10,020,855</b>	<b>\$8,686,498</b>

**Village of Harwood Heights, Illinois**  
**Management's Discussion and Analysis**  
**April 30, 2008**

**Condensed Statements of Changes in Net Assets-Fiscal Years 2007 and 2008**

	<b>Governmental Activities</b>		<b>Business-Type Activity</b>		<b>Total Primary Government</b>	
	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$1,700,510	\$850,639	\$1,105,799	\$1,098,522	\$2,806,309	\$1,949,161
Operating Grants/Contributions	\$353,569	\$260,142	\$0	\$0	\$353,569	\$260,142
Capital Grants/Contributions	\$147,397	\$0	\$0	\$0	\$147,397	\$0
<b>General Revenues</b>						
Taxes	\$3,779,428	\$3,572,828	\$0	\$0	\$3,779,428	\$3,572,828
Investment Income	\$204,976	\$194,915	\$100,264	\$39,591	\$305,240	\$234,506
Intergovernmental	\$1,365,603	\$1,968,190	\$0	\$0	\$1,365,603	\$1,968,190
<b>Total Revenues</b>	<b>\$7,551,483</b>	<b>\$6,846,714</b>	<b>\$1,206,063</b>	<b>\$1,138,113</b>	<b>\$8,757,546</b>	<b>\$7,984,827</b>
<b>Expenses</b>						
General Government	\$1,847,218	\$1,809,934	\$0	\$0	\$1,847,218	\$1,809,934
Public Safety	\$3,543,724	\$5,066,749	\$0	\$0	\$3,543,724	\$5,066,749
Public Works	\$1,390,508	\$1,046,395	\$0	\$0	\$1,390,508	\$1,046,395
Interest	\$362,422	\$235,193	\$0	\$0	\$362,422	\$235,193
Water	\$0	\$0	\$1,184,746	\$1,160,913	\$1,184,746	\$1,160,913
<b>Total Expenses</b>	<b>\$7,143,872</b>	<b>\$8,158,271</b>	<b>\$1,184,746</b>	<b>\$1,160,913</b>	<b>\$8,328,618</b>	<b>\$9,319,184</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$407,611</b>	<b>(\$1,311,557)</b>	<b>\$21,317</b>	<b>(\$22,800)</b>	<b>\$428,928</b>	<b>(\$1,334,357)</b>
<b>Net Assets-April 30, 2007</b>		<b>\$9,041,115</b>		<b>\$979,740</b>		<b>\$10,020,855</b>
<b>Net Assets-April 30, 2008</b>		<b>\$7,729,558</b>		<b>\$956,940</b>		<b>\$8,686,498</b>

**Village of Harwood Heights, Illinois  
Management's Discussion and Analysis  
April 30, 2008**

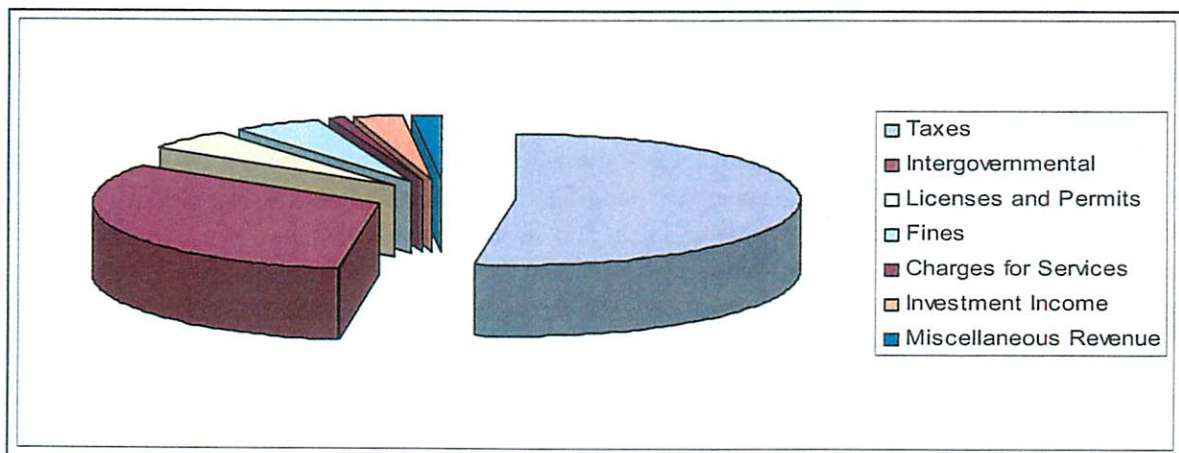
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**Revenues and Expenses**

**Governmental Revenues**

Governmental revenues totaled approximately \$6.85 million, with property taxes comprising 40.1% of all tax revenues for Fiscal Year 2008. State sales tax and home rule sales tax decreased by \$179,914 and were the next largest sources of revenue for the period at \$1,044,768 and \$861,343, respectively. The overall decrease in sales taxes compared to Fiscal Year 2007 can be attributed to the downturn in the economy nationwide. State income taxes, a state-shared revenue, totaled \$763,932 for the fiscal year, a 9.24% increase. Utility taxes generated \$507,162 in revenues. Village licenses and permit fees totaled \$346,884, a decrease of 54.3% due to a slowdown in both public and private development.

**FY2008 Governmental Revenue Sources**



**Governmental Expenses**

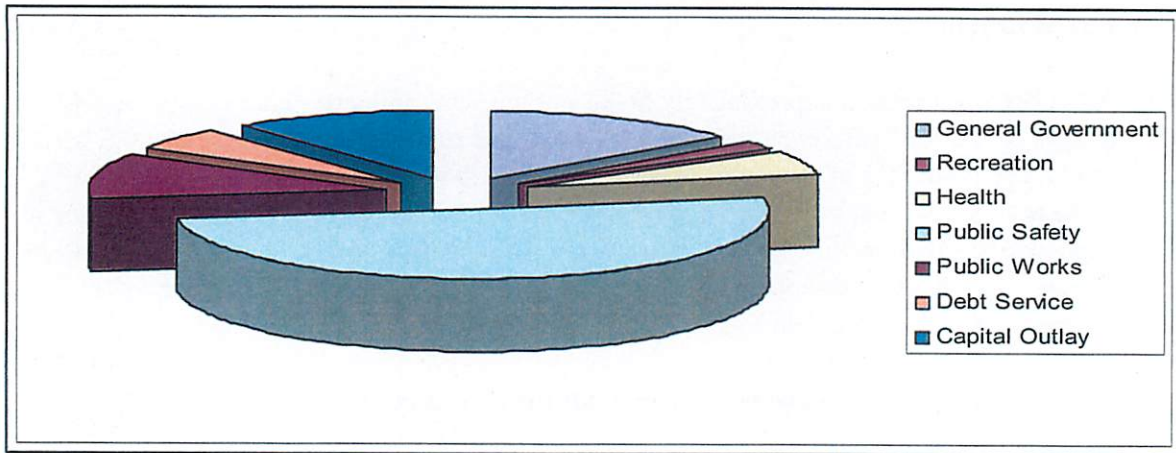
Governmental activities expended approximately \$8.16 million during Fiscal Year 2008. Those expenses include public safety, public works, general government, and debt service. Public safety expenses of \$5.07 million comprised the largest expenditure and include police department operating expenses. General government expenses totaled \$1,809,934, and include general administration, law department, finance, building, recreational and cultural opportunities, and health. In addition to office staff salaries and wages, additional expenses included are payroll taxes, employee benefits, liability insurance, and workers' compensation premiums. Public Works related expenses totaled \$1,046,395, and interest expense totaled \$235,193.



**Village of Harwood Heights, Illinois  
Management's Discussion and Analysis  
April 30, 2008**

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**FY 2008 Governmental Expenses By Function**



**Business-type Revenues and Expenses**

The Village of Harwood Heights' only business-type activity is its Water and Sewer Department and related fund. Water service charges, sewer fees, and late payment penalties for Fiscal Year 2008 were \$1,037,178. Revenues for water taps, meter sales, and miscellaneous revenues totaled \$30,480. Non-operating income of \$70,455 was produced by investment income and antenna leasing. Total operating expenses were \$1,160,913, which includes \$474,918 for water purchased and \$123,715 for sewer fees paid to the City of Chicago. Personal services of \$258,567 were provided by Public Works and Administration employees. Additional expenses were \$125,821 for commodities, other services equaling \$96,841, and \$66,712 in capital outlay.

**General Fund Budgetary Highlights**

It is the Village's policy to periodically review the appropriations; however, department heads are expected to limit their expenditures to their original appropriation amount and change expenditures between line items, if necessary. Over the course of Fiscal Year 2008, the Village was not required to amend its appropriation ordinance. The following table compares appropriated amounts and actual Fiscal Year 2008 General Fund revenues and expenditures.



**Village of Harwood Heights, Illinois  
Management's Discussion and Analysis  
April 30, 2008**

<b>General Fund</b>	<b>FY 2008 Appropriation</b>	<b>FY 2008 Actual</b>
<b>Revenues</b>		
Taxes	\$3,941,670	\$3,268,807
Intergovernmental	\$2,867,500	\$1,970,508
Other	\$1,189,669	\$887,380
<b>Total Revenues</b>	<b>\$7,998,839</b>	<b>\$6,126,695</b>
<b>Expenditures</b>	<b>\$9,169,100</b>	<b>\$6,945,454</b>
Capital Asset Sale Proceeds	\$300,000	\$0
<b>Change in Fund Balance</b>	<b>(\$870,261)</b>	<b>(\$818,759)</b>

Actual Fiscal Year 2008 General Fund revenues were less than appropriated revenues because anticipated grant revenues, property taxes, real estate transfer taxes, and home rule sales taxes were not realized during the fiscal year. Actual Fiscal Year 2008 General Fund expenditures were \$2,223,646 less than appropriated. All functional expenditures were significantly below their respective appropriated

#### **Capital Assets**

As of April 30, 2008, the Village of Harwood Heights has a total capital assets investment of \$19,646,293, less accumulated depreciation of \$7,490,747, for a net capital assets investment of \$12,155,546. Those net capital assets are categorized in the governmental activities and business-type activities in the amounts of \$12,059,529 and \$96,017, respectively.

<b>Asset Type</b>	<b>FY2007</b>	<b>FY2008</b>
<b>Land</b>	\$629,428	\$629,428
<b>Buildings</b>	\$5,523,949	\$5,394,150
<b>Machinery and Equipment</b>	\$972,753	\$809,901
<b>Land Improvements</b>	\$46,534	\$40,067
<b>Infrastructure</b>	\$4,398,424	\$5,282,000
<b>Total Net Capital Assets</b>	<b>\$11,571,088</b>	<b>\$12,155,546</b>

A more detailed presentation of the Village's capital assets activity may be found in Note F to the financial statements on pages 41 and 42.

#### **Major Funds Discussion**

The following schedule presents a comparative summary of General Fund revenues and other financing sources between FY 2007 and FY 2008:

**Village of Harwood Heights, Illinois**  
**Management's Discussion and Analysis**  
**April 30, 2008**

<b>Revenues and Other Financing Sources</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>% of FY 2008 Total</b>	<b>Change from FY 2007</b>	<b>% Change from FY 2007</b>
<b>Taxes</b>	\$3,549,600	\$3,268,807	53.4%	(\$280,793)	-7.9%
<b>Intergovernmental</b>	\$2,201,504	\$1,970,508	32.2%	(\$230,996)	-10.5%
<b>Licenses and Permits</b>	\$760,021	\$346,884	5.7%	(\$413,137)	-54.4%
<b>Fines</b>	\$234,051	\$340,592	5.6%	\$106,541	45.5%
<b>Charges for Services</b>	\$28,847	\$47,163	0.8%	\$18,316	63.5%
<b>Investment Income</b>	\$31,724	\$36,741	0.6%	\$5,017	15.8%
<b>Miscellaneous</b>	\$65,012	\$116,000	1.9%	\$50,988	78.4%
<b>Sale of Capital Assets</b>	\$1,281,986	\$0	0.0%	(\$1,281,986)	-100.0%
<b>Total</b>	<b>\$8,152,745</b>	<b>\$6,126,695</b>	<b>100.0%</b>	<b>(\$2,026,050)</b>	<b>-24.9%</b>

All major tax revenue categories decreased in 2008; general property taxes, home rule sales tax, telecommunications tax, and real estate transfer taxes. A change in the reporting of sales tax and state income tax as Intergovernmental revenues rather than Taxes also impacted the comparative summary totals in those two categories. The increase in fines is due to an increase in traffic fines and vehicle impound fines. The increase in charges for services is due to in-kind donations of \$26,835. There was no sale of capital assets in Fiscal Year 2008.

The following schedule presents a comparative summary of General Fund expenditures for FY 2007 and FY 2008:

<b>Expenditure Function</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>% of FY 2008 Total</b>	<b>Change from FY 2007</b>	<b>% Change from FY 2007</b>
<b>General Government</b>	\$1,002,972	\$759,563	10.9%	(\$243,409)	-24.3%
<b>Finance</b>	\$1,419,156	\$564,641	8.1%	(\$854,515)	-60.2%
<b>Public Works</b>	\$520,302	\$724,122	10.4%	\$203,820	39.2%
<b>Public Safety</b>	\$3,278,443	\$4,118,197	59.3%	\$839,754	25.6%
<b>Health</b>	\$466,591	\$494,898	7.1%	\$28,307	6.1%
<b>Debt Service</b>	\$169,469	\$273,700	3.9%	\$104,231	61.5%
<b>Capital Outlay</b>	\$0	\$10,333	0.1%	\$10,333	
<b>Total</b>	<b>\$6,856,933</b>	<b>\$6,945,454</b>	<b>100.0%</b>	<b>\$88,521</b>	<b>1.3%</b>

The increases in general government, public works, and public safety and the marked decrease in finance are due to the change in the recording of health insurance premiums and general liability insurance in the specific departments rather than the total for both being shown in finance.

**Village of Harwood Heights, Illinois**  
**Management's Discussion and Analysis**  
**April 30, 2008**

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**Debt Administration**

As of April 30, 2008, the Village of Harwood Heights has three outstanding General Obligation Bond issues; 2003, 2006A, and 2006B issues. The 2006 bond issues were issued to finance the Lawrence Avenue Redevelopment Project. The Village also has a \$1,195,000 Series 2006 promissory note payable in monthly installments through December 1, 2011.

The Village has a noncancelable equipment lease for a street sweeper payable through 2009. The annual lease payments are \$29,861. During Fiscal Year 2007, the Village's business-type activity committed to a noncancelable lease for a backhoe through 2011, with annual lease payments of \$14,654.

**Economic Factors and Next Year's Appropriation**

The Village of Harwood Heights is limited in its ability to grow because it is surrounded by neighboring municipalities, including the City of Chicago. Thus, all growth must occur from within. The property tax revenue derived from the residential, commercial, and industrial properties is relatively stable. State income tax revenue and sales taxes are expected to decrease due to the continued high unemployment rate in the state and slowing of the economy. Long-range goals include revitalization of the Village's commercial areas and attracting new businesses.

The Board of Trustees approved a Fiscal Year 2008-2009 General Fund appropriation of \$7,887,281, which represents a decrease of \$1,281,819 from Fiscal Year 2007-2008.

**Requests for Information**

This financial report is intended to provide our citizens, customers, investors, and creditors with general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you should have any questions or requests for additional financial information, please contact the Village of Harwood Heights Finance Department, 7300 West Wilson Avenue, Harwood Heights, Illinois 60706, telephone (708) 867-7200.

## **BASIC FINANCIAL STATEMENTS**

**Village of Harwood Heights, Illinois****STATEMENT OF NET ASSETS**April 30, 2008

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,910,230	\$ 2,095,926	\$ 6,006,156
Receivables (net of allowance)	1,932,907	173,718	2,106,625
Prepaid items	66,966	24,923	91,889
Internal balances	1,394,867	(1,394,867)	-
Due from agency fund	24,948	-	24,948
Capital assets not being depreciated	629,428	-	629,428
Capital assets, net of accumulated depreciation	<u>11,430,101</u>	<u>96,017</u>	<u>11,526,118</u>
 Total assets	 <u>19,389,447</u>	 <u>995,717</u>	 <u>20,385,164</u>
<b>LIABILITIES</b>			
Current			
Accounts payable	624,255	-	624,255
Accrued payroll liabilities	145,706	-	145,706
Deposits payable	220,400	-	220,400
Accrued interest	99,133	-	99,133
Due to Police Pension Fund	235,565	-	235,565
Unearned revenue	1,272,643	-	1,272,643
Noncurrent liabilities			
Due within one year	354,417	12,115	366,532
Due in more than one year	<u>8,707,770</u>	<u>26,662</u>	<u>8,734,432</u>
 Total liabilities	 <u>11,659,889</u>	 <u>38,777</u>	 <u>11,698,666</u>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	6,577,380	57,240	6,634,620
Restricted	2,824,551	-	2,824,551
Unrestricted	<u>(1,672,373)</u>	<u>899,700</u>	<u>(772,673)</u>
 Total net assets	 <u>\$ 7,729,558</u>	 <u>\$ 956,940</u>	 <u>\$ 8,686,498</u>

The accompanying notes are an integral part of this statement.

# Village of Harwood Heights, Illinois

## STATEMENT OF ACTIVITIES

Year Ended April 30, 2008

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<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants</u>
<b>Governmental activities</b>			
General government	\$ 1,809,934	\$ 163,163	\$ -
Public safety	5,047,078	340,592	7,318
Public works	1,046,395	346,884	252,824
Interest	<u>235,193</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>8,138,600</u>	<u>850,639</u>	<u>260,142</u>
<b>Business-type activities</b>			
Water	<u>1,160,913</u>	<u>1,098,522</u>	<u>-</u>
Total	<u>\$ 9,299,513</u>	<u>\$ 1,949,161</u>	<u>\$ 260,142</u>
<b>General revenues</b>			
Taxes			
Intergovernmental			
Interest			
Total general revenues			
Change in net assets			
Net assets - beginning			
Net assets - ending			

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The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets		
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,646,771)	\$ -	\$ (1,646,771)
(4,699,168)	-	(4,699,168)
(446,687)	-	(446,687)
<u>(235,193)</u>	<u>-</u>	<u>(235,193)</u>
<u>(7,027,819)</u>	<u>-</u>	<u>(7,027,819)</u>
<u>-</u>	<u>(62,391)</u>	<u>(62,391)</u>
<u>(7,027,819)</u>	<u>(62,391)</u>	<u>(7,090,210)</u>
3,553,157	-	3,553,157
1,968,190	-	1,968,190
<u>194,915</u>	<u>39,591</u>	<u>234,506</u>
<u>5,716,262</u>	<u>39,591</u>	<u>5,755,853</u>
<u>(1,311,557)</u>	<u>(22,800)</u>	<u>(1,334,357)</u>
<u>9,041,115</u>	<u>979,740</u>	<u>10,020,855</u>
<u>\$ 7,729,558</u>	<u>\$ 956,940</u>	<u>\$ 8,686,498</u>

# Village of Harwood Heights, Illinois

## Governmental Funds

### BALANCE SHEET

April 30, 2008

	<u>General</u>	<u>Motor Fuel Tax</u>	<u>Special Service Area Bond Proceeds Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 788,139	\$ 456,593	\$ 2,136,955	\$ 528,543	\$ 3,910,230
Receivables, net of allowances					
Property taxes	860,641	-	-	279,906	1,140,547
Intergovernmental	619,863	31,703	-	75,993	727,559
Other	64,801	-	-	-	64,801
Prepaid expense	66,966	-	-	-	66,966
Due from other funds	1,594,194	-	-	109,518	1,703,712
Due from agency fund	24,948	-	-	-	24,948
Advances to other fund	343,057	-	-	-	343,057
Total assets	<u>\$ 4,362,609</u>	<u>\$ 488,296</u>	<u>\$ 2,136,955</u>	<u>\$ 993,960</u>	<u>\$ 7,981,820</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 596,080	\$ -	\$ -	\$ 28,175	\$ 624,255
Accrued payroll liabilities	145,706	-	-	-	145,706
Deposits payable	220,400	-	-	-	220,400
Due to other funds	109,518	-	199,327	-	308,845
Advances from other fund	-	343,057	-	-	343,057
Due to Police Pension Fund	235,565	-	-	-	235,565
Unearned revenue	992,007	-	-	280,636	1,272,643
Total liabilities	<u>2,299,276</u>	<u>343,057</u>	<u>199,327</u>	<u>308,811</u>	<u>3,150,471</u>
<b>Fund balances</b>					
<b>Reserved for:</b>					
Capital projects	-	-	1,937,628	-	1,937,628
Prepaid expense	66,966	-	-	-	66,966
Advances to other fund	343,057	-	-	-	343,057
Debt service	-	-	-	123,794	123,794
Special revenue	-	145,239	-	107,178	252,417
Unreserved - undesignated	1,653,310	-	-	454,177	2,107,487
Total fund balance	<u>2,063,333</u>	<u>145,239</u>	<u>1,937,628</u>	<u>685,149</u>	<u>4,831,349</u>
Total liabilities and fund balance	<u>\$ 4,362,609</u>	<u>\$ 488,296</u>	<u>\$ 2,136,955</u>	<u>\$ 993,960</u>	<u>\$ 7,981,820</u>

The accompanying notes are an integral part of this statement.



**Village of Harwood Heights, Illinois**  
Governmental Funds  
**RECONCILIATION OF THE BALANCE SHEET**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS**  
April 30, 2008

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Amounts reported for governmental activities in the statement of net assets differ from the balance sheet because:

Total fund balance - governmental funds	\$ 4,831,349
-----------------------------------------	--------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	12,059,529
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Long-term liabilities, including bonds payable, installment notes, interest payable, compensated absences, accrued interest, and net pension obligation are not due and payable in the current period. Therefore, these liabilities are not reported in the current period and, consequently, are not reported in the governmental funds.	<u>(9,161,320)</u>
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Net assets - governmental activities	<u>\$ 7,729,558</u>
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**Village of Harwood Heights, Illinois**  
**Governmental Funds**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Year Ended April 30, 2008**

	General Fund	Motor Fuel Tax Fund	Special Service Area Bond Proceeds Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 3,249,136	\$ -	\$ -	\$ 304,021	\$ 3,553,157
Intergovernmental	1,970,508	252,824	-	5,000	2,228,332
Licenses and permits	346,884	-	-	-	346,884
Fines	340,592	-	-	-	340,592
Charges for services	47,163	-	-	-	47,163
Investment income	36,741	17,670	122,370	18,134	194,915
Miscellaneous	116,000	-	-	-	116,000
<b>Total revenues</b>	<b>6,107,024</b>	<b>270,494</b>	<b>122,370</b>	<b>327,155</b>	<b>6,827,043</b>
<b>Expenditures</b>					
Current					
General government	1,819,102	-	1,751	-	1,820,853
Public safety	4,098,526	-	-	81,218	4,179,744
Public works	724,122	160,859	-	-	884,981
Capital outlay	10,333	-	902,482	10,834	923,649
Debt service					
Principal	218,436	-	-	-	218,436
Interest	55,264	-	62,177	105,890	223,331
<b>Total expenditures</b>	<b>6,925,783</b>	<b>160,859</b>	<b>966,410</b>	<b>197,942</b>	<b>8,250,994</b>
<b>Net change in fund balances</b>	<b>(818,759)</b>	<b>109,635</b>	<b>(844,040)</b>	<b>129,213</b>	<b>(1,423,951)</b>
<b>Fund balance</b>					
Beginning of year	2,882,092	35,604	2,781,668	555,936	6,255,300
End of year	\$ 2,063,333	\$ 145,239	\$ 1,937,628	\$ 685,149	\$ 4,831,349

The accompanying notes are an integral part of this statement.

**Village of Harwood Heights, Illinois**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
April 30, 2008

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

Net change in fund balances - total governmental funds	\$ (1,423,951)
--------------------------------------------------------	----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense.	598,797
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The issuance of long-term debt (e.g. bonds, compensated absences) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt, increases in compensated absences, and increases in accrued interest payable consume the current financial resources of governmental funds.	<u>(486,403)</u>
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Change in net assets - governmental activities	<u>\$ (1,311,557)</u>
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The accompanying notes are an integral part of this statement.

**Village of Harwood Heights, Illinois**

**Water and Sewer Fund - Proprietary Fund**

**STATEMENT OF NET ASSETS**

April 30, 2008

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	<u>Business-Type Activity</u>
<b>ASSETS</b>	
<b>Current</b>	
Cash and cash equivalents	\$ 2,095,926
Prepaid sewer liability	24,923
Customer receivables (net of allowance)	<u>173,718</u>
<b>Total current assets</b>	<u>2,294,567</u>
<b>Capital assets, net of accumulated depreciation</b>	<u>96,017</u>
<b>Total assets</b>	<u>2,390,584</u>
<b>LIABILITIES</b>	
Due to other funds	1,394,867
Capital lease payable	<u>38,777</u>
<b>Total liabilities</b>	<u>1,433,644</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	57,240
Unrestricted	<u>899,700</u>
<b>Total net assets</b>	<u>\$ 956,940</u>

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The accompanying notes are an integral part of this statement.

**Village of Harwood Heights, Illinois**  
**Water and Sewer Fund - Proprietary Fund**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET ASSETS**  
**Year Ended April 30, 2008**

	<u>Business-Type Activity</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 1,040,958
Penalties	<u>26,700</u>
Total operating revenues	<u>1,067,658</u>
<b>OPERATING EXPENSES</b>	
Current	
Personal services	258,567
Commodities	600,739
Other services	220,556
Capital outlay	66,712
Depreciation	<u>14,339</u>
Total operating expenses	<u>1,160,913</u>
<b>OPERATING LOSS</b>	<u>(93,255)</u>
<b>NONOPERATING REVENUE</b>	
Antenna leasing	30,864
Interest income	<u>39,591</u>
Total nonoperating revenues	<u>70,455</u>
<b>CHANGE IN NET ASSETS</b>	<u>(22,800)</u>
<b>TOTAL NET ASSETS</b>	
Beginning of year	<u>979,740</u>
End of year	<u><u>\$ 956,940</u></u>

The accompanying notes are an integral part of this statement.

# Village of Harwood Heights, Illinois

## Water and Sewer Fund - Proprietary Fund

### STATEMENT OF CASH FLOWS

Year Ended April 30, 2008

	Business-Type Activity
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 1,048,579
Cash paid to suppliers for goods and services	(1,158,767)
Cash paid to employees for services	<u>(258,567)</u>
Net cash used by operating activities	<u>(368,755)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Change in due from/to other funds	<u>1,129,688</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Repayment of capital lease	<u>(11,370)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	39,591
Antenna leasing	<u>30,864</u>
Net cash provided by operating activities	<u>70,455</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	820,018
<b>CASH AND CASH EQUIVALENTS</b>	
Beginning of year	<u>1,275,908</u>
End of year	<u><u>\$ 2,095,926</u></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating loss	\$ (93,255)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	14,339
Changes in assets and liabilities	
Accounts receivable	(19,079)
Sewer fee liability	<u>(270,760)</u>
Net cash used in operating activities	<u><u>\$ (368,755)</u></u>

The accompanying notes are an integral part of this statement.

# Village of Harwood Heights, Illinois

## Fiduciary Funds

### STATEMENT OF NET ASSETS

April 30, 2008

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	<u>Pension Fund</u>	<u>Agency Fund</u>
	<u>Police Pension</u>	<u>Special Assessments</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 70,011	\$ 48,620
Investments	11,945,069	70,897
Accrued interest receivable	98,845	-
Due from property owners	-	3,147
Due from the Village	<u>235,565</u>	<u>-</u>
Total assets	<u>12,349,490</u>	<u>\$ 122,664</u>
<b>LIABILITIES</b>		
Due to other funds	-	\$ 24,948
Due to property owners	<u>-</u>	<u>97,716</u>
Total liabilities	<u>-</u>	<u>\$ 122,664</u>
<b>NET ASSETS</b>		
Held in trust for pension benefits	<u>\$ 12,349,490</u>	

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The accompanying notes are an integral part of this statement.

**Village of Harwood Heights, Illinois**  
**Police Pension Fund**  
**STATEMENT OF CHANGES IN PLAN NET ASSETS**  
**Year Ended April 30, 2008**

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**ADDITIONS**

**Contributions**

Employer	\$ 795,433
Members	189,326

Total contributions	984,759
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**Investment income**

Net appreciation in fair value of investments	59,756
Interest	443,737

Total investment income	503,493
-------------------------	---------

Less investment expense	(35,577)
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Net investment income	467,916
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Total additions	1,452,675
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**DEDUCTIONS**

Pension benefits	439,481
Administrative expense	17,589

Total deductions	457,070
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NET INCREASE	995,605
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**PLAN NET ASSETS HELD IN TRUST  
FOR PENSION BENEFITS**

**Beginning of year**

As originally stated	11,369,950
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Adjustment	(16,065)
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Beginning of year, as restated	11,353,885
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End of year	\$ 12,349,490
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The accompanying notes are an integral part of this statement.



# **Village of Harwood Heights, Illinois**

## **INDEX TO THE NOTES TO FINANCIAL STATEMENTS April 30, 2008**

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**April 30, 2008**

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# **Village of Harwood Heights, Illinois**

## **NOTES TO FINANCIAL STATEMENTS**

**April 30, 2008**

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### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Harwood Heights (Village) was incorporated on November 25, 1947 in Cook County, Illinois. The Village operates under the mayor-trustee form of government and provides the following services as authorized by its charter: police protection, highways and streets, sanitation, water and sewer, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services. The Village has adopted the provisions of a home-rule government body.

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the Village's significant accounting policies:

#### **1. Reporting Entity**

As defined by accounting principles generally accepted in the United States of America, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- a. Appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- b. Fiscal dependency on the primary government.

Based on the above criteria, the Village does not have any component units.

#### **2. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. 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.

# **Village of Harwood Heights, Illinois**

## **NOTES TO FINANCIAL STATEMENTS**

April 30, 2008

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### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **2. Government-wide and Fund Financial Statements (Continued)**

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

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

#### **3. Basis of Presentation - Fund Accounting**

The accounts of the Village are organized on the basis of funds, which are considered as separate accounting entities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/retained earnings, revenues, and expenditures/expenses. The Village's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into generic fund types and broad fund categories as follows:

##### **a. Governmental Fund Types**

Governmental funds are those through which most governmental functions of the Village are financed. The Village's expendable financial resources (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the Village's governmental fund types:

- i. The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.
- ii. Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Village's special revenue funds are the Motor Fuel Tax Fund, Criminal Investigation Fund, Emergency Telephone System Fund, and Grant Fund.

# **Village of Harwood Heights, Illinois**

## **NOTES TO FINANCIAL STATEMENTS**

April 30, 2008

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### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **3. Basis of Presentation - Fund Accounting (Continued)**

##### **a. Governmental Fund Types (Continued)**

iii. Debt service funds are used to account for the accumulation of resources for debt service payments. The Village has one debt fund, the General Obligations Fund.

iv. Capital project funds are used to account for the use of resources for capital improvements. The Village has one capital project fund, the Special Service Area Bond Proceeds Fund.

##### **b. Proprietary Fund Types**

Proprietary funds are used to account for the Village's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income.

i. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Water and Sewer Fund is the Village's sole enterprise fund.

##### **c. Fiduciary Fund Types**

Fiduciary funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

i. Pension trust funds are accounted for in essentially the same manner as proprietary funds, since capital maintenance is critical. The Police Pension Fund is the Village's sole pension trust fund.

ii. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Special Assessment Agency Fund is the Village's sole agency fund.

**Village of Harwood Heights, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2008**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers property taxes as available if they are collected within 60 days of the end of the current fiscal period. A six-month availability period is used for revenue recognition for all other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

Property taxes, interest revenue, and charges for services revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

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

**The Motor Fuel Tax Fund** accounts for the operation of street maintenance programs and capital projects as authorized by the Illinois Department of Transportation. Financing is provided from the Village's share of state motor fuel taxes.

**The Special Service Area Bond Proceeds Fund** accounts for the resources collected and used for various capital improvements within the special service area.

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

# Village of Harwood Heights, Illinois

## NOTES TO FINANCIAL STATEMENTS

April 30, 2008

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Village reports the following major proprietary fund:

**The Water and Sewer Fund** accounts for the provision of potable water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Additionally, the Village reports the following fiduciary fund types:

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

**The Special Assessment Agency Fund** accounts for the changes in assets and liabilities for the special assessment area.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All taxes are reported as general revenue.

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

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

**Village of Harwood Heights, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2008

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Cash and Equivalents**

Cash and equivalents represent cash on hand, cash deposited in interest-bearing and noninterest-bearing checking accounts, investments in money market accounts, and cash deposited with The Illinois Funds.

**6. Receivables**

The recognition of receivables associated with nonexchange transactions is as follows:

- Derived tax receivables (such as sales, income, and motor fuel taxes) are recognized when the underlying exchange has occurred.
- Imposed nonexchange receivables (such as property taxes and fines) are recognized when an enforceable legal claim has arisen.
- Government mandates or voluntary nonexchange transaction receivables such as grants are recognized when all eligibility requirements have been met.

**7. Investments**

Investments consist of treasury obligations, state and local obligations, mutual funds, and insurance contracts carried in the pension trust fund. Investments are stated at fair value.

**8. Interfund Transactions**

During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered, and for lending/borrowing purposes. These receivables and payables are classified as "due from/to other funds" (the current portion of interfund transactions) or "advance from/to other fund" (the noncurrent portion of interfund transactions) on the fund balance sheets.

Advances between funds are offset by a fund balance reserve in applicable governmental funds to indicate that they are not available for appropriation and are not expendable, available financial resources.



# Village of Harwood Heights, Illinois

## NOTES TO FINANCIAL STATEMENTS

April 30, 2008

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 9. 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 \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs, including street overlays, 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. 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.

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

<u>Description</u>	<u>Years</u>
Buildings	50
Machinery and equipment	3 - 20
Land improvements	20 - 50
Infrastructure	20 - 60

#### 10. Compensated Absences

Accumulated vacation and sick leave that are expected to be liquidated with expendable, available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay them. Accumulated vacation and sick leave that are not expected to be liquidated with expendable, available financial resources are reported as long-term debt on the government-wide statement of net assets. Accumulated vacation and sick leave of proprietary funds are recorded as expenses and liabilities of those funds as the benefits accrue to employees.

**Village of Harwood Heights, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2008**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**11. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net assets.

**12. Fund Equity and Restrictions of Net Assets**

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose in the fund financial statements.

The government-wide statement of net assets reports net assets restricted by enabling legislation which consist of the following:

<u>Net assets restricted for:</u>	<u>Amount</u>
Motor fuel tax	\$ 145,239
Crime investigation	23,169
Public safety - 911 service	84,009
Debt service	123,794
Bond proceeds	1,994,163
Grants	<u>454,177</u>
Total net assets restricted by enabling legislation	\$ <u><u>2,824,551</u></u>

**13. 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.

# Village of Harwood Heights, Illinois

## NOTES TO FINANCIAL STATEMENTS

April 30, 2008

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

#### 1. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Assets

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

One element of that reconciliation explains that "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds." The details of this difference are as follows:

Land	\$ 629,428
Capital assets subject to depreciation	18,707,375
Accumulated depreciation	<u>(7,277,274)</u>
Total capital assets not reported in governmental funds	<u>12,059,529</u>

Another element of that reconciliation explains that "Long-term liabilities, including bonds payable, installment notes, interest payable, compensated absences, accrued interest, and net pension obligation are not due and payable in the current period. Therefore, these liabilities are not reported in the current period and, consequently, are not reported in the governmental funds." The details of this difference are as follows:

General obligation bonds payable	(6,150,000)
Installment notes	(888,755)
Accrued interest	(99,133)
Compensated absences payable	(1,335,565)
Capital lease obligation	(28,362)
Net pension obligation	<u>(659,505)</u>
Total long-term liabilities not reported in governmental funds	<u>(9,161,320)</u>

Net adjustment to increase fund balance - total governmental funds to arrive at net assets – governmental activities.	\$ <u><u>2,898,209</u></u>
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# Village of Harwood Heights, Illinois

## NOTES TO FINANCIAL STATEMENTS

April 30, 2008

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

(Continued)

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

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and change in net assets - governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay	\$ 1,024,228
Depreciation expense	(425,431)
	<u>598,797</u>

Total amount by which capital outlay exceeded depreciation expense

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

Increase in accrued interest	(3,198)
Principal payments on general installment note	218,436
Increase in net pension obligation	(87,842)
Increase in compensated absences	(632,083)
Decrease in bond discount	(8,664)
Decrease in capital lease obligation	26,948
	<u>(486,403)</u>

Net changes in current financial resources

Net adjustment to increase net change in fund balances – total  
governmental funds to arrive at change in net assets - governmental  
activities

\$ 112,394

# Village of Harwood Heights, Illinois

## NOTES TO FINANCIAL STATEMENTS

April 30, 2008

### NOTE C - DEPOSITS AND INVESTMENTS

#### 1. Village Investments

The Village's investment policy authorizes the Village to invest in the following instruments. These include deposits in interest-bearing checking or savings accounts, interest-bearing certificates of deposits or interest-bearing time deposits, insured savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, or other securities guaranteed by the full faith and credit of the United States of America. The Village's investment policy does limit its deposits to financial institutions that are members of the FDIC system.

The Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the state to pool their funds for investment purposes. The Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in The Illinois Funds are valued at The Illinois Fund'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. The primary objectives of the policy are, in order of priority, safety of principal, liquidity, and rate of return.

#### *Deposits with Financial Institutions*

Custodial risk for deposits with financial institutions is the risk that, in the event of bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by a Village-approved independent third party or the Federal Reserve Bank of Chicago in the Village's name. At April 30, 2008, none of the Village's total deposits of \$3,863,222 were uninsured or uncollateralized.

#### *Investments*

The following table presents the Village's investments and maturities as of April 30, 2008.

Investment Type	Fair Value	Investment Maturities in Years		
		Less than 1	1 - 5	Greater than 5
The Illinois Funds	\$ <u>2,308,684</u>	\$ <u>2,308,684</u>	\$ <u>-</u>	\$ <u>-</u>

# **Village of Harwood Heights, Illinois**

## **NOTES TO FINANCIAL STATEMENTS**

**April 30, 2008**

---

### **NOTE C - DEPOSITS AND INVESTMENTS** (Continued)

#### **1. Village Investments** (Continued)

##### ***Investments*** (Continued)

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.

The Village 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 external investment pools. The Village's investment policy does not discuss credit risk for investments. The Illinois Funds is rated AAA.

Custodial risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. The Village's investment policy does not discuss custodial credit risk related to investments. The Illinois Funds is not subject to custodial credit risk.

Concentration of credit risk is the risk that the Village has a high percentage of its investments invested in one type of investment. The Village's investment policy does not discuss concentration of credit risk related to investments. At April 30, 2008, the Village did not have greater than five percent of its overall portfolio invested in any single investment type, except for The Illinois Funds.

#### **2. Police Pension Deposits, Investments, and Concentrations**

The deposits and investments of the Police Pension Fund (the Pension Fund) are held separately from those of other Village funds.

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

# Village of Harwood Heights, Illinois

## NOTES TO FINANCIAL STATEMENTS

April 30, 2008

### NOTE C - DEPOSITS AND INVESTMENTS (Continued)

#### 2. Police Pension Deposits, Investments, and Concentrations (Continued)

Also authorized are deposits or investments in money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; and, general accounts of life insurance and separate accounts of life insurance. Pension funds with net assets of \$2.5 million or more may invest up to forty-five percent of plan net assets in separate accounts of life insurance companies and mutual funds. In addition, pension funds with net assets of at least \$5 million, and that have appointed an investment advisor, may, through that investment advisor, invest up to forty-five percent of the plan's net assets in common and preferred stocks that meet specific restrictions.

#### a. Credit Risk, Custodial Credit Risk, and Concentration Risk

*Deposits.* At year-end, the carrying amount of the Pension Fund's deposits totaled \$70,011, and the bank balances totaled \$70,011.

*Investments.* At year-end, the Pension Fund has the following investment maturities:

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury					
Notes	\$ 865,456	\$ -	\$ -	\$ 865,456	\$ -
U.S. Treasury					
Strips	476,965	-	-	476,965	-
Governmental					
National Mortgage	212,162	-	-	-	212,162
Federal National					
Mortgage	366,963	-	215,322	151,641	-
Federal Farm					
Credit Bank	1,465,860	-	632,688	417,000	416,172
Federal Home					
Loan Bank	2,832,149	-	1,748,601	670,298	413,250
Federal Home Loan					
Mortgage Corp.	341,777	-	341,777	-	-

(Continued)

# Village of Harwood Heights, Illinois

## NOTES TO FINANCIAL STATEMENTS

April 30, 2008

### NOTE C - DEPOSITS AND INVESTMENTS (Continued)

#### 2. Police Pension Deposits, Investments, and Concentrations (Continued)

##### a. Credit Risk, Custodial Credit Risk, and Concentration Risk (Continued)

###### *Investments.* (Continued)

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	More than 10
(Continued)					
State and Local Obligations	\$ 891,447	\$ -	\$ 551,970	\$ 311,125	\$ 28,352
Money Market Mutual Funds	240,497	240,497	-	-	-
The Illinois Funds	1,411	1,411	-	-	-
TOTAL	\$ <u>7,694,687</u>	\$ <u>241,908</u>	\$ <u>3,490,358</u>	\$ <u>2,892,485</u>	\$ <u>1,069,936</u>

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

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the Pension Fund's investment policy, the Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity, while at the same time matching investment maturities to projected fund liabilities.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Pension Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States government and/or its agencies that are implicitly guaranteed by the United States government. The Pension Fund's investment policy established criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. The investments in the securities of the U.S. government agencies were all rated AAA by Standard & Poor's or by Moody's Investors Services. Other than investing in securities issued by agencies of the United States government, the Pension Fund has no other formal policy for reducing credit risk.

**Custodial Credit Risk - Deposits.** In the case of deposits, this is the risk that, in the event of a bank failure, the Pension Fund's deposits may not be returned to it. At April 30, 2008, \$70,011 of the bank balance of the deposits was uninsured and uncollateralized. the Pension Fund's investment policy does not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Pension Fund's deposits with financial institutions.



# Village of Harwood Heights, Illinois

## NOTES TO FINANCIAL STATEMENTS

April 30, 2008

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### NOTE C - DEPOSITS AND INVESTMENTS (Continued)

#### 2. Police Pension Deposits, Investments, and Concentrations (Continued)

##### a. Credit Risk, Custodial Credit Risk, and Concentration Risk (Continued)

###### *Investments* (Continued)

*Concentration of Credit Risk.* This is the risk of loss attributed to the magnitude of the Pension Fund's investment in a single issuer. The Pension Fund does not have a formal written policy regarding concentration of credit risk for investments. At April 30, 2008, the Pension Fund has over 5% of its net plan assets invested in various agency securities, as indicated in the table above. Agency investments represent a large portion of the portfolio; however, the investments are diversified by maturity date, and as mentioned earlier, are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the "full faith and credit" backing of the U. S. government. They are considered to have a moral obligation of implicit backing, and are supported by U.S. Treasury lines of credit and increasingly stringent federal regulations.

The Pension Fund has diversified the equity mutual fund holdings as follows:

<u>Equity Mutual Funds</u>	<u>Fair Value</u>
Vanguard Institutional Index Fund	\$ 1,156,473
Dodge and Cox Stock Fund	563,615
American Beacon Large Cap Fund	190,300
Royce Total Return Fund	210,602
Royce Premier Fund	221,446
Baron Small Cap Fund	206,252
DFA Real Estate Fund	183,235
DFA International Value Fund	207,338
William Blair International Growth Fund	202,681
First Eagle Overseas Fund	163,484
Vanguard International Explorer Fund	154,445
T. Rowe Price Growth Fund	790,511
Total equity mutual funds	<u>\$ 4,250,382</u>

# Village of Harwood Heights, Illinois

## NOTES TO FINANCIAL STATEMENTS

April 30, 2008

### NOTE D - PROPERTY TAX

Property taxes for 2007 attach as an enforceable lien on January 1, 2007, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a tax levy ordinance). Tax bills are prepared by the County and are payable in two installments, on or about March 1, 2008 and September 1, 2008. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy to reflect actual collection experience. Because the 2007 levy is intended to finance the fiscal year ended April 30, 2009, it has been offset by unearned revenue at April 30, 2008. The 2008 levy, which attached as an enforceable lien on property as of January 2, 2008, has not been recorded as a receivable as of April 30, 2008, as the tax has not yet been levied by the Village and will not be levied until December 2008; therefore, the levy is not measurable at April 30, 2008.

### NOTE E - INTERFUND TRANSACTIONS

#### 1. Due from/to Other Funds

	<u>Due from</u>	<u>Due to</u>
General		
Emergency Telephone System	\$ -	\$ 629
General Obligation Bonds	-	17,837
SSA Bond	142,792	-
Grant	-	91,052
Water and sewer	<u>1,394,867</u>	<u>-</u>
Total General	<u>1,537,659</u>	<u>109,518</u>
Other governmental funds		
Emergency Telephone System - General	629	-
General Obligation Bonds - General	17,837	-
SSA Bond - General	-	142,792
Grant - General	<u>91,052</u>	<u>-</u>
Total governmental funds	<u>109,518</u>	<u>142,792</u>
Water and Sewer Fund	<u>-</u>	<u>1,394,867</u>
Total all Funds	<u>1,647,177</u>	<u>1,647,177</u>
Less amounts eliminated during GASB 34 conversion	<u>(252,310)</u>	<u>(252,310)</u>
Total Village internal balances	<u>\$ 1,394,867</u>	<u>\$ 1,394,867</u>

# Village of Harwood Heights, Illinois

## NOTES TO FINANCIAL STATEMENTS

April 30, 2008

### NOTE E - INTERFUND TRANSACTIONS (Continued)

#### 2. Advances from/to Other Fund

	<u>Advances to</u>	<u>Advances from</u>
General - Motor Fuel Tax	\$ 343,057	\$ -
Motor Fuel Tax - General	<u>-</u>	<u>343,057</u>
Less amounts eliminated during GASB 34 conversion	<u>(343,057)</u>	<u>(343,057)</u>
Total Village advances from/to other funds	<u>\$ -</u>	<u>\$ -</u>

### NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2008 was as follows:

#### 1. Governmental Activities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 629,428	\$ -	\$ -	\$ 629,428
Capital assets, being depreciated				
Buildings	6,095,881	-	-	6,095,881
Machinery and equipment	2,039,221	-	-	2,039,221
Land improvements	121,499	-	-	121,499
Infrastructure	9,426,546	1,024,228	-	10,450,774
Total capital assets, being depreciated	<u>17,683,147</u>	<u>1,024,228</u>	<u>-</u>	<u>18,707,375</u>
Less accumulated depreciation for				
Buildings	571,932	129,799	-	701,731
Machinery and equipment	1,173,934	149,670	-	1,323,604
Land improvements	77,855	5,310	-	83,165
Infrastructure	5,028,122	140,652	-	5,168,774
Total accumulated depreciation	<u>6,851,843</u>	<u>425,431</u>	<u>-</u>	<u>7,277,274</u>
Total capital assets, being depreciated, net	<u>10,831,304</u>	<u>598,797</u>	<u>-</u>	<u>11,430,101</u>
Governmental activities capital assets, net	<u>\$ 11,460,732</u>	<u>\$ 598,797</u>	<u>\$ -</u>	<u>\$ 12,059,529</u>

# Village of Harwood Heights, Illinois

## NOTES TO FINANCIAL STATEMENTS

April 30, 2008

### NOTE F - CAPITAL ASSETS (Continued)

#### 2. Business-Type Activities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets, being depreciated				
Machinery and equipment	\$ 203,790	\$ -	\$ -	\$ 203,790
Land improvements	34,700	-	-	34,700
Infrastructure	<u>71,000</u>	<u>-</u>	<u>-</u>	<u>71,000</u>
Total capital assets being depreciated	<u>309,490</u>	<u>-</u>	<u>-</u>	<u>309,490</u>
Less accumulated depreciation for				
Machinery and equipment	96,324	13,182	-	109,506
Land improvements	31,810	1,157	-	32,967
Infrastructure	<u>71,000</u>	<u>-</u>	<u>-</u>	<u>71,000</u>
Total accumulated depreciation	<u>199,134</u>	<u>14,339</u>	<u>-</u>	<u>213,473</u>
Business-type activities capital assets, net	<u>\$ 110,356</u>	<u>\$ (14,339)</u>	<u>\$ -</u>	<u>\$ 96,017</u>

#### 3. Depreciation Expense

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

##### Governmental activities:

General government	\$ 98,460
Public safety	143,760
Public works, streets, and lighting	<u>183,211</u>
	<u>\$ 425,431</u>

##### Business – type activities:

Water and sewer	<u>\$ 14,339</u>
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# Village of Harwood Heights, Illinois

## NOTES TO FINANCIAL STATEMENTS

April 30, 2008

### NOTE F - CAPITAL ASSETS (Continued)

#### 4. Construction Commitments

The Village has certain contracts in various funds for construction projects which were in process at April 30, 2008. There was \$3,281,551 in remaining commitments under these contracts.

### NOTE G - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; natural disasters; employee health; and injuries to the Village's employees. In order to protect against these risks, the Village is a member of the Illinois Municipal League Risk Management Agency (IMLRMA). IMLRMA is a joint risk management pool of numerous cities and villages throughout the state of Illinois through which property, general liability, automobile liability, crime, boiler and machinery, and workers' compensation coverage is provided in excess of specified limits for the members, acting as a single insurable unit. In addition, the Village provides health insurance to its employees through a third-party indemnity policy. The Village pays an annual premium to the insurance company for its coverage. Settled claims have not exceeded the coverages in the current or preceding two fiscal years.

### NOTE H - LONG-TERM LIABILITIES

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

The following is a summary of the Village's long-term debt balances and transactions for the year ended April 30, 2008:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities</u>					
General obligation bonds					
Series 2003	\$ 3,150,000	\$ -	\$ -	\$ 3,150,000	\$ -
Series 2006A	490,000	-	-	490,000	115,000
Series 2006B	<u>2,510,000</u>	<u>-</u>	<u>-</u>	<u>2,510,000</u>	<u>-</u>
Total general obligation bonds	<u>6,150,000</u>	<u>-</u>	<u>-</u>	<u>6,150,000</u>	<u>115,000</u>

(Continued)

# Village of Harwood Heights, Illinois

## NOTES TO FINANCIAL STATEMENTS

April 30, 2008

### NOTE H - LONG-TERM LIABILITIES (Continued)

#### 1. Changes in Long-Term Liabilities (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities</u> (continued)					
Discount on bonds	\$ (8,664)	\$ -	\$ (8,664)	\$ -	\$ -
Installment note	1,107,191	-	218,436	888,755	211,055
Net pension obligation	571,663	87,842	-	659,505	-
Compensated absences payable	703,482	632,083	-	1,335,565	-
Capital lease obligation (Note I)	55,310	-	26,948	28,362	28,362
Total governmental long-term liabilities	<u>\$ 8,578,982</u>	<u>\$ 719,925</u>	<u>\$ 236,720</u>	<u>\$ 9,062,187</u>	<u>\$ 354,417</u>
<u>Business-type activities</u>					
Capital lease	<u>\$ 50,147</u>	<u>\$ -</u>	<u>\$ 11,370</u>	<u>\$ 38,777</u>	<u>\$ 12,115</u>

#### 2. Long-Term Debt - Terms and Maturities

General obligation bonds payable at April 30, 2008 is comprised of the following individual issues:

\$3,500,000 Series 2003 general obligation bonds, payable in one installment of \$350,000 on December 1, 2005 and annual installments ranging from \$255,000 to \$380,000, commencing December 1, 2010, and payable through December 1, 2018; interest is payable semiannually at rates ranging from 3.25% to 4.05%, commencing June 1, 2004. \$ 3,150,000

\$490,000 Series 2006A general obligation bonds payable in annual installments ranging from \$115,000 to \$130,000, commencing December 1, 2008, and payable through December 1, 2011; interest is payable semiannually at rates ranging from 3.75% to 3.88%, commencing December 1, 2006. 490,000

\$2,510,000 Series 2006B general obligation bonds, payable in annual installments ranging from \$135,000 to \$235,000, commencing December 1, 2012, and payable through December 1, 2025; interest is payable semiannually at rates ranging from 4.20% to 4.25%, commencing December 1, 2006. 2,510,000

Total general obligations bonds payable \$ 6,150,000

# Village of Harwood Heights, Illinois

## NOTES TO FINANCIAL STATEMENTS

April 30, 2008

### NOTE H- LONG-TERM LIABILITIES (Continued)

#### 2. Long-Term Debt - Terms and Maturities (Continued)

The installment note payable at April 30, 2008 is comprised of the following individual issues:

\$1,195,000 Series 2006 promissory note, payable in monthly installments of \$22,808 beginning January 1, 2007 through December 1, 2011, with interest at 5.39%. \$ 888,755

The annual requirements to retire the general obligation bonds and installment note outstanding as of April 30, 2008

Year Ending April 30,	General Obligation Bonds Payable			Installment Note	
	Principal	Interest	Total	Principal	Interest
2009	\$ 115,000	\$ 230,244	\$ 345,244	\$ 230,819	\$ 42,881
2010	375,000	225,931	600,931	243,755	29,945
2011	395,000	213,084	608,084	257,414	16,286
2012	410,000	199,521	609,521	156,767	2,892
2013	425,000	185,378	610,378	-	-
2014-2018	2,435,000	682,547	3,117,547	-	-
2019-2023	1,320,000	278,210	1,598,210	-	-
2024-2026	675,000	58,117	733,117	-	-
	<u>\$ 6,150,000</u>	<u>\$ 2,073,032</u>	<u>\$ 8,223,032</u>	<u>\$ 888,755</u>	<u>\$ 92,004</u>

#### 3. Legal Debt Margin

The Village is a home rule municipality.

Chapter 6, Section 518-1 of the Illinois Compiled Statutes governs computation of the legal debt margin.

"The General Assembly may limit by law the amount and required referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property. . . (2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: if its indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum . . . shall not be included in the foregoing percentage amounts."

To date, the Illinois General Assembly has set no limits for home rule municipalities.

**Village of Harwood Heights, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2008

**NOTE I - CAPITAL LEASE OBLIGATION**

At April 30, 2008, the Village is obligated for future payments under a noncancellable equipment lease as follows:

Year Ending April 30,	Capital Lease		Capital Lease	
	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 28,362	\$ 1,499	\$ 12,115	\$ 2,540
2010	-	-	12,908	1,746
2011	-	-	13,754	901
	<u>\$ 28,362</u>	<u>\$ 1,499</u>	<u>\$ 38,777</u>	<u>\$ 5,187</u>

The cost of the capital assets acquired through capital lease is \$205,876, with accumulated depreciation and depreciation expense of \$44,100 and \$15,885, respectively, at April 30, 2008.

**NOTE J - DEFINED BENEFIT PENSION PLANS**

**1. Illinois Municipal Retirement Fund**

**a. Plan Description**

The Village's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a financial report that includes financial statements and required supplementary information. That report may be obtained at [www.imrf.org/pubs/pubs\\_homepage.htm](http://www.imrf.org/pubs/pubs_homepage.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The Village is required to contribute at an actuarially determined rate. The Village's rate for calendar year 2007 was 8.52% of payroll. The Village's contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2007 was 25 years.



# Village of Harwood Heights, Illinois

## NOTES TO FINANCIAL STATEMENTS

April 30, 2008

### NOTE J - DEFINED BENEFIT PENSION PLANS (Continued)

#### 1. Illinois Municipal Retirement Fund (Continued)

##### a. Plan Description (Continued)

For December 31, 2007, the Village's annual pension cost of \$99,474 was equal to the Village's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3.0% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15.0% corridor. The assumptions used for the 2007 actuarial valuation were based on the 2002 - 2004 experience study.

##### b. Trend Information

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/07	\$ 99,474	100%	\$ -
12/31/06	91,939	100%	-
12/31/05	71,401	100%	-
12/31/04	52,625	100%	-
12/31/03	30,436	100%	-
12/31/02	8,379	100%	-
12/31/01	13,042	100%	-
12/31/00	49,189	100%	-
12/31/99	64,977	100%	-
12/31/98	70,199	100%	-

# Village of Harwood Heights, Illinois

## NOTES TO FINANCIAL STATEMENTS

April 30, 2008

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### NOTE J - DEFINED BENEFIT PENSION PLANS (Continued)

#### 2. Police Pension Plan

##### a. Plan Description

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

At May 1, 2007, the date of the latest actuarial valuation, the Police Pension Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	12
Active plan members	<u>26</u>
Total plan membership	<u><u>38</u></u>

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

The Police Pension Plan provides retirement benefits, as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last date, whichever is greater.

The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 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.

# **Village of Harwood Heights, Illinois**

## **NOTES TO FINANCIAL STATEMENTS**

April 30, 2008

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### **NOTE J - DEFINED BENEFIT PENSION PLANS (Continued)**

#### **2. Police Pension Plan (Continued)**

##### **a. Plan Description (Continued)**

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

##### **b. Summary of Significant Accounting Policies and Plan Asset Matters**

###### **i. Reporting Entity**

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

The Village's police employees participate in the Police Pension Employees' Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. The pension board consists of two members appointed by the Village's Mayor, one elected pension beneficiary, and two elected police employees. The Village and PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The state of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. The PPERS is included in the Village's annual financial report as a blended component unit and is reported as a pension trust fund.

The Village's police pension plan issues its own financial report and required supplementary information. That report may be obtained by writing to the Village of Harwood Heights, 7300 W. Wilson, Harwood Heights, Illinois 60706.

###### **ii. Basis of Presentation**

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

**Village of Harwood Heights, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2008**

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**NOTE J - DEFINED BENEFIT PENSION PLANS (Continued)**

**2. Police Pension Plan (Continued)**

**b. Summary of Significant Accounting Policies and Plan Asset Matters (Continued)**

**iii. Measurement Focus and Basis of Accounting**

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

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

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

**iv. Investments**

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

**v. Short-term Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds of the Village for goods provided or services rendered. The receivables and payables which relate to the Police Pension Fund are classified as "Due from the Village" or "Due to the Village" on the Pension Fund's statement of net plan assets. At April 30, 2008, the amount due from the Village is \$235,565.

# Village of Harwood Heights, Illinois

## NOTES TO FINANCIAL STATEMENTS

April 30, 2008

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### NOTE J - DEFINED BENEFIT PENSION PLANS (Continued)

#### 2. Police Pension Plan (Continued)

##### c. Funding Policy and Annual Pension Cost

The Village's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2008 was \$1,884,358 out of a total payroll of \$3,507,872.

For the year ended April 30, 2008, the Village's annual pension cost was \$490,194. Actual contributions made by the Village were \$402,352. The information presented was determined as part of the actuarial valuation as of April 30 of the prior fiscal year.

Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry age normal; the amortization method was level percent of pay, closed and the amortization period was 30 years; the asset valuation method was a market value method; and the significant actuarial assumptions were an investment rate of return at 7.5%, compounded annually including a 2.5% inflation factor, a projected salary increase assumption of 5.5%, compounded annually including a 2.5% inflation factor, and cost-of-living adjustments of 3.0%, compounded annually.

The Village's annual pension cost and net pension obligation to the Police Pension Fund were obtained from the fund's most recent actuarial valuation (April 30, 2007) and are as follows:

Annual required contribution	\$ 470,168
Interest on net pension obligation	<u>20,026</u>
Annual pension cost	490,194
Contributions made	<u>(402,352)</u>
Increase in net pension obligation	87,842
Net pension obligation as of May 1, 2007	<u>571,663</u>
Net pension obligation as of April 30, 2008	<u>\$ 659,505</u>

# Village of Harwood Heights, Illinois

## NOTES TO FINANCIAL STATEMENTS

April 30, 2008

### NOTE J - DEFINED BENEFIT PENSION PLANS (Continued)

#### 2. Police Pension Plan (Continued)

##### d. Three-Year Trend Information

<u>Year Ending</u>	<u>Annual Required Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
4/30/08	\$ 470,168	85.58%	\$ 659,505
4/30/07	417,478	92.50%	571,663
4/30/06	400,261	78.03%	543,271

##### e. Compliance Audit

The Police Pension Fund is subject to a program compliance audit by the Illinois Department of Insurance. The compliance audit by the Illinois Department of Insurance for the year ended April 30, 2008 has not yet been conducted. Accordingly, the Police Pension Fund's compliance with applicable requirements will be established at some future date. The amount of any adjustments to be made by the Illinois Department of Insurance cannot be determined at this time. However, the Police Pension Fund expects such adjustments, if any, to be immaterial.

##### f. Net Plan Assets Restatement

Net plan assets at the beginning of the year was restated to correct an error in recognition of property tax receivables.

<u>As Originally Reported</u>	<u>As Restated</u>	<u>Amount of (Decrease)</u>
\$ <u>11,369,950</u>	\$ <u>11,353,885</u>	\$ <u>(16,065)</u>

### NOTE K - CONTINGENCIES AND COMMITMENTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the state of Illinois. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the 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.

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

# Village of Harwood Heights, Illinois

## Police Pension Fund

### SCHEDULE OF FUNDING PROGRESS

April 30, 2008

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Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Liability (AAL) - Entry Age (2)	Unfunded AAL (UAAL) (2) - (1)	Funded Ratio (1)/(2)	Covered Payroll (3)	UAAL as a Percentage of Covered Payroll ((2-1)/3)
2008	4/30/07	\$ 12,335,234	\$ 14,597,274	\$ 2,262,040	84.50 %	\$ 1,884,358	120.04 %
2007	4/30/06	11,392,328	13,515,913	2,123,585	84.29	1,887,925	112.48
2006	4/30/05	10,849,691	12,641,688	1,791,997	85.82	1,801,108	99.49
2005	4/30/04	10,420,632	12,486,930	2,066,298	83.45	1,802,054	114.66
2004	4/30/03	9,626,326	11,414,489	1,788,163	84.33	1,707,962	104.70
2003	4/30/02	9,245,195	10,541,343	1,296,148	87.70	1,639,194	79.07
2002	4/30/01	8,530,209	9,703,011	1,172,802	87.91	1,491,993	78.61
2001	4/30/00	7,885,609	9,028,071	1,142,462	87.35	1,189,561	96.04
2000	4/30/99	N/A	N/A	N/A	N/A	N/A	N/A
1999	4/30/98	N/A	N/A	N/A	N/A	N/A	N/A

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Source: Actuarial valuations and the required supplementary information presented in the Police Pension Fund's financial statements.



**Village of Harwood Heights, Illinois****Illinois Municipal Retirement Fund  
SCHEDULE OF FUNDING PROGRESS**April 30, 2008

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	(1)	(2)	(2) - (1)	(1)/(2)	(3)	((2-1)/3)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/07	\$ 2,250,565	\$ 2,016,120	\$ (234,445)	111.63 %	\$ 1,167,531	- %
12/31/06	2,004,183	1,870,168	(134,015)	107.17	1,079,101	-
12/31/05	1,651,013	1,649,722	(1,291)	100.08	959,696	-
12/31/04	1,762,732	1,730,121	(32,611)	101.88	949,902	-
12/31/03	2,192,291	1,968,380	(223,911)	111.38	927,936	-
12/31/02	2,155,024	1,881,964	(273,060)	114.51	854,968	-
12/31/01	2,184,845	1,765,369	(419,476)	123.76	790,437	-
12/31/00	2,438,083	1,784,763	(653,320)	136.61	795,938	-
12/31/99	2,172,216	1,720,099	(452,117)	126.28	785,701	-
12/31/98	1,742,801	1,608,316	(134,485)	108.36	816,269	-

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On a market value basis, the actuarial value of assets as of December 31, 2007 is \$2,475,353. On a market value basis, the funded ratio would be 122.78%.

**Village of Harwood Heights, Illinois**  
Police Pension Fund  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
April 30, 2008

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<u>Year Ended April 30</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2008	\$ 402,352	\$ 470,168	85.58 %	\$ 659,505
2007	386,150	417,478	92.50	571,663
2006	312,343	400,261	78.03	543,271
2005	-	376,670	-	456,458
2004	295,239	339,791	86.89	79,458
2003	323,479	316,680	102.15	67,255

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**Village of Harwood Heights, Illinois**  
**General Fund**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended April 30, 2008**

	Original and Final Budget	Actual	Variance Over / (Under)
<b>Revenues</b>			
Taxes	\$ 3,941,670	\$ 3,249,136	\$ (692,534)
Intergovernmental	2,867,500	1,970,508	(896,992)
Licenses and permits	421,200	346,884	(74,316)
Fines	286,000	340,592	54,592
Charges for services	106,861	47,163	(59,698)
Investment income	30,000	36,741	6,741
Miscellaneous	345,608	116,000	(229,608)
Total revenues	<u>7,998,839</u>	<u>6,107,024</u>	<u>(1,891,815)</u>
<b>Expenditures</b>			
Current			
General government	2,197,348	1,819,102	(378,246)
Public safety	4,562,062	4,098,526	(463,536)
Public works	1,311,490	724,122	(587,368)
Debt service (installment note)			
Principal	217,459	218,436	977
Interest	56,241	55,264	(977)
Capital outlay	824,500	10,333	(814,167)
Total expenditures	<u>9,169,100</u>	<u>6,925,783</u>	<u>(2,243,317)</u>
Deficiency of revenues over expenditures	(1,170,261)	(818,759)	351,502
<b>Other financing sources</b>			
Proceeds from sale of capital assets	300,000	-	(300,000)
Net change in fund balance	<u>\$ (870,261)</u>	(818,759)	<u>\$ 51,502</u>
<b>Fund balance</b>			
Beginning of year		<u>2,882,092</u>	
End of year		<u>\$ 2,063,333</u>	

# Village of Harwood Heights, Illinois

## Motor Fuel Tax Fund

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

Year Ended April 30, 2008

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
<b>Revenues</b>			
Intergovernmental			
State of Illinois motor fuel tax	\$ 240,000	\$ 252,824	\$ 12,824
Investment income	<u>12,000</u>	<u>17,670</u>	<u>5,670</u>
Total revenues	<u>252,000</u>	<u>270,494</u>	<u>18,494</u>
<b>Expenditures</b>			
Public works			
Streets and lighting			
Maintenance and alleys	220,000	160,859	(59,141)
Engineering services	<u>40,000</u>	<u>-</u>	<u>(40,000)</u>
Total public works	<u>260,000</u>	<u>160,859</u>	<u>(99,141)</u>
Net change in fund balance	\$ <u><u>(8,000)</u></u>	109,635	\$ <u><u>117,635</u></u>
<b>Fund balance</b>			
Beginning of year		<u>35,604</u>	
End of year		\$ <u><u>145,239</u></u>	

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**Village of Harwood Heights, Illinois**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
April 30, 2008

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**NOTE A - BUDGETARY DATA**

The Village prepares its appropriation ordinance in accordance with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund, Motor Fuel Tax Fund, Emergency Telephone System Fund, Special Service Area Bond Proceeds Fund, and the Water and Sewer Fund. The Village does not prepare a budget for the General Obligation Bonds Fund, the Criminal Investigation Fund, or the Grant Fund. The annual appropriations lapse at fiscal year end. There were no amendments to the fiscal year 2008 appropriations.

1. Within ninety days of the start of the fiscal year, the annual appropriation ordinance is presented for adoption by the Village Board. This ordinance appropriates such sums of money as are deemed necessary to defray all necessary expenses and liabilities of the Village. The ordinance also specifies the objects and purposes for which these appropriations are made and the amount appropriated for each.
2. Prior to the adoption of the appropriation ordinance, the Village makes the proposed ordinance conveniently available to public inspection and holds at least one public hearing subsequent to published notice.
3. Subsequent to the public hearing and before final action is taken on the appropriation ordinance, the Village Board may revise, alter, increase, or decrease the items contained therein.
4. Final action to adopt the appropriation for the year ended April 30 is taken by the Village Board before July 31.
5. The Board may subsequently transfer appropriated amounts to other appropriations, but not increase overall appropriation of an individual fund without the passage of a supplemental appropriation.
6. The legal level of budgetary control is at the fund level.

**SUPPLEMENTARY INFORMATION**

## **Major Governmental Funds**

**The General Fund** is the primary operating fund for governmental activities that are not accounted for in any other fund.

**The Motor Fuel Tax (MFT) Fund** is a special revenue fund and is used to account for the use of resources which are provided by the state of Illinois specifically for the improvement of streets through a tax on motor fuel.

**The Special Service Area Bond Proceeds Fund** is a capital projects fund and is used to account for the bond proceeds issued for the purpose of constructing various capital improvements within the special service area.

# Village of Harwood Heights, Illinois

## General Fund

### SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL

Year Ended April 30, 2008

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
<b>Revenues</b>			
<b>Taxes</b>			
<b>Property</b>			
General	\$ 1,000,000	\$ 729,114	\$ (270,886)
Police pension	387,970	402,352	14,382
<b>Total property taxes</b>	<u>1,387,970</u>	<u>1,131,466</u>	<u>(256,504)</u>
<b>Other taxes</b>			
Home rule sales tax	975,000	861,343	(113,657)
Video rental tax	2,500	3,220	720
Utility	400,000	507,162	107,162
Telecommunications	275,000	253,012	(21,988)
Pull tab	1,200	1,253	53
Real estate transfer tax	900,000	491,680	(408,320)
<b>Total other taxes</b>	<u>2,553,700</u>	<u>2,117,670</u>	<u>(436,030)</u>
<b>Total taxes</b>	<u>3,941,670</u>	<u>3,249,136</u>	<u>(692,534)</u>
<b>Intergovernmental revenues</b>			
<b>Taxes</b>			
Personal property replacement tax	8,500	9,470	970
Sales tax	1,100,000	1,044,768	(55,232)
State income tax	725,000	763,932	38,932
State local use tax	110,000	117,347	7,347
Roads and bridges	25,000	26,333	1,333
<b>Grants</b>			
IDOT Police reimbursement	25,000	7,318	(17,682)
ITEP grant	474,000	-	(474,000)
FAA grant	400,000	-	(400,000)
<b>Other</b>	<u>-</u>	<u>1,340</u>	<u>-</u>
<b>Total intergovernmental revenues</b>	<u>2,867,500</u>	<u>1,970,508</u>	<u>(898,332)</u>
			(Continued)



# Village of Harwood Heights, Illinois

## General Fund

### SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL (Continued)

Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Over / (Under)
Revenues (continued)			
Licenses and permits			
Business licenses	\$ 75,000	\$ 88,870	\$ 13,870
Liquor licenses	30,000	36,350	6,350
Overweight truck permits	1,500	300	(1,200)
Building permits	150,000	70,786	(79,214)
Sewer permits	15,000	7,340	(7,660)
Plumbing permits	15,000	5,920	(9,080)
Electrical permits	15,000	9,830	(5,170)
Sign permits	500	500	-
Elevator inspections	3,000	3,525	525
Building inspections	5,000	4,200	(800)
Fence permits	1,000	750	(250)
Franchise fees	50,000	56,461	6,461
Dog tags	200	219	19
Vehicle licenses	60,000	61,833	1,833
Total licenses and permits	421,200	346,884	(74,316)
Fines			
Code enforcement fines	-	250	250
Traffic	225,000	240,747	15,747
Overweight trucks	50,000	28,002	(21,998)
Driving under the influence (DUI)	11,000	13,093	2,093
Vehicle Impound Fees	-	58,500	58,500
Total fines	286,000	340,592	54,592
Charges for services			
Youth program fees	16,500	12,953	(3,547)
Hearing fees	2,500	350	(2,150)
Escrow bond forfeiture	500	-	(500)
Police reports	2,000	1,585	(415)
Rental	5,500	5,015	(485)

(Continued)

# Village of Harwood Heights, Illinois

## General Fund

### SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL (Continued)

Year Ended April 30, 2008

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Revenues (continued)			
Charges for services (continued)			
In-kind donation	\$ -	\$ 26,835	\$ 26,835
False alarm fees	10,000	425	(9,575)
Contracted police services	<u>69,861</u>	<u>-</u>	<u>(69,861)</u>
Total charges for services	<u>106,861</u>	<u>47,163</u>	<u>(59,698)</u>
Investment income			
Interest	<u>30,000</u>	<u>36,741</u>	<u>6,741</u>
Miscellaneous revenues			
Reimbursements			
Workers' compensation	5,000	9,580	4,580
Maintenance staff	150,000	-	(150,000)
Office staff	75,000	-	(75,000)
Village Engineer	6,107	-	(6,107)
Insurance	1	8,166	8,165
Personnel	30,000	16,794	(13,206)
Development fees	20,000	32,268	12,268
Plan Review	2,000	-	(2,000)
Special event fees	5,000	1,235	(3,765)
Donations			
Equipment purchase	10,000	5,000	(5,000)
Equipment purchase - in kind	35,000	-	(35,000)
Other miscellaneous	<u>7,500</u>	<u>42,957</u>	<u>35,457</u>
Total miscellaneous revenues	<u>345,608</u>	<u>116,000</u>	<u>(229,608)</u>
Total revenues	<u>\$ 7,998,839</u>	<u>\$ 6,107,024</u>	<u>\$ (1,891,815)</u>

(Concluded)

# Village of Harwood Heights, Illinois

## General Fund

### SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL

Year Ended April 30, 2008

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Expenditures			
General government			
General management and support			
General administration	\$ 433,934	\$ 400,115	\$ (33,819)
Law department	79,249	99,090	19,841
Finance	434,186	564,641	130,455
Building	103,161	99,171	(3,990)
Total general management and support	<u>1,050,530</u>	<u>1,163,017</u>	<u>112,487</u>
Recreation and cultural opportunities	<u>165,640</u>	<u>161,187</u>	<u>(4,453)</u>
Health	<u>481,178</u>	<u>494,898</u>	<u>13,720</u>
Budget contingencies	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>
Total general government	<u>2,197,348</u>	<u>1,819,102</u>	<u>(378,246)</u>
Public safety			
Police	<u>4,562,062</u>	<u>4,098,526</u>	<u>(463,536)</u>
Public works			
Engineering	400,000	911	(399,089)
Forestry	53,000	26,473	(26,527)
Streets and lights	856,740	696,738	(160,002)
Truck weight regulation	<u>1,750</u>	<u>-</u>	<u>(1,750)</u>
Total public works	<u>1,311,490</u>	<u>724,122</u>	<u>(587,368)</u>

(Continued)

# Village of Harwood Heights, Illinois

## General Fund

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

Year Ended April 30, 2008

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	Original and Final Budget	Actual	Variance Over / (Under)
Expenditures (continued)			
Debt service (installment note)			
Principal	\$ 217,459	\$ 218,436	\$ 977
Interest and fiscal charges	56,241	55,264	(977)
Total debt service	273,700	273,700	-
Capital outlay			
Village properties	824,500	10,333	(814,167)
Total expenditures	\$ 9,169,100	\$ 6,925,783	\$ (2,243,317)

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(Concluded)

**Village of Harwood Heights, Illinois**  
**Special Service Area Bond Proceeds Fund**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended April 30, 2008**

	Original and Final Budget	Actual	Variance Over / (Under)
<b>Revenues</b>			
Investment income	\$ 130,000	\$ 122,370	\$ (7,630)
<b>Total revenues</b>	<u>130,000</u>	<u>122,370</u>	<u>(7,630)</u>
<b>Expenditures</b>			
Current			
General government			
SSA administration	<u>20,000</u>	<u>1,751</u>	<u>(18,249)</u>
Public Works			
Landscaping, trees, and furnishings	<u>207,000</u>	<u>-</u>	<u>(207,000)</u>
Capital outlay			
Pedestrian and street level lighting	382,988	6,899	(376,089)
Sidewalk and crosswalk accent paving	480,000	38,111	(441,889)
Parallel parking lane and bulb outs	93,000	-	(93,000)
Underground utilities	600,000	80,672	(519,328)
Water main replacement project	500,000	714,623	214,623
Storm sewer connection at Olcott	12,500	-	(12,500)
Public parking lot	60,264	-	(60,264)
Capitalized interest	<u>-</u>	<u>62,177</u>	<u>62,177</u>
<b>Total capital outlay</b>	<u>2,128,752</u>	<u>902,482</u>	<u>(1,226,270)</u>
Debt service			
Interest expense and fiscal charges	<u>-</u>	<u>62,177</u>	<u>62,177</u>
<b>Total expenditures</b>	<u>2,355,752</u>	<u>966,410</u>	<u>(1,389,342)</u>
<b>Net change in fund balance</b>	<u>\$ (2,225,752)</u>	<u>(844,040)</u>	<u>\$ 1,381,712</u>
<b>Fund balance</b>			
Beginning of year		<u>2,781,668</u>	
End of year		<u>\$ 1,937,628</u>	

## **Nonmajor Governmental Funds**

**The Emergency Telephone System Fund** is a special revenue fund and is used to account for the use of revenues provided by network connection surcharges and state grants specifically collected for 911 emergency telephone services.

**The Criminal Investigation Fund** is a special revenue fund and is used to account for the use of resources specifically designated for police department investigations dealing with illegal drug and narcotic trafficking. Revenues are generally derived from seized monies and property.

**The Grant Fund** is a capital project fund and is used to account for the use of resources provided by other governmental agencies for specific public works or capital improvement projects.

**The General Obligation Bond Fund** is a debt service fund and is used to account for the debt service payments required by the \$3,500,000 Series 2003 general obligation bonds, the \$490,000 Series 2006A general obligation bonds, and the \$2,510,000 Series 2006B general obligation bonds.

**Village of Harwood Heights, Illinois****Nonmajor Governmental Funds  
COMBINING BALANCE SHEET  
Year Ended April 30, 2008**

	<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Emergency Telephone System</u>	<u>Criminal Investigation</u>	<u>Grant</u>	<u>General Obligation Bonds</u>	
ASSETS					
Cash and cash equivalents	\$ 86,465	\$ 25,201	\$ 310,920	\$ 105,957	\$ 528,543
Receivables (net of allowances)					
Property taxes	-	-	-	279,906	279,906
Due from					
Other governments	23,058	-	52,935	-	75,993
Other funds	<u>629</u>	<u>-</u>	<u>91,052</u>	<u>17,837</u>	<u>109,518</u>
Total assets	\$ <u>110,152</u>	\$ <u>25,201</u>	\$ <u>454,907</u>	\$ <u>403,700</u>	\$ <u>993,960</u>
LIABILITIES					
Accounts payable	\$ 26,143	\$ 2,032	\$ -	\$ -	\$ 28,175
Unearned revenue	<u>-</u>	<u>-</u>	<u>730</u>	<u>279,906</u>	<u>280,636</u>
Total liabilities	<u>26,143</u>	<u>2,032</u>	<u>730</u>	<u>279,906</u>	<u>308,811</u>
FUND BALANCE					
Reserved for					
Debt service	-	-	-	123,794	123,794
Public safety	84,009	23,169	-	-	107,178
Capital projects	<u>-</u>	<u>-</u>	<u>454,177</u>	<u>-</u>	<u>454,177</u>
Total fund balance	<u>84,009</u>	<u>23,169</u>	<u>454,177</u>	<u>123,794</u>	<u>685,149</u>
Total liabilities and fund balances	\$ <u>110,152</u>	\$ <u>25,201</u>	\$ <u>454,907</u>	\$ <u>403,700</u>	\$ <u>993,960</u>

**Village of Harwood Heights, Illinois**  
**Nonmajor Governmental Funds**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**Year Ended April 30, 2008**

	<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Emergency Telephone System</u>	<u>Criminal Investigation</u>	<u>Grant</u>	<u>General Obligation Bonds</u>	
<b>Revenues</b>					
Taxes	\$ 100,269	\$ -	\$ -	\$ 203,752	\$ 304,021
Intergovernmental	-	-	5,000	-	5,000
Investment income	2,044	74	11,927	4,089	18,134
<b>Total revenues</b>	<u>102,313</u>	<u>74</u>	<u>16,927</u>	<u>207,841</u>	<u>327,155</u>
<b>Expenditures</b>					
Current					
Public safety	71,570	9,528	120	-	81,218
Capital outlay	10,834	-	-	-	10,834
Debt service					
Interest	-	-	-	105,890	105,890
<b>Total expenditures</b>	<u>82,404</u>	<u>9,528</u>	<u>120</u>	<u>105,890</u>	<u>197,942</u>
<b>Net change in fund balance</b>	19,909	(9,454)	16,807	101,951	129,213
<b>Fund balance</b>					
Beginning of year	<u>64,100</u>	<u>32,623</u>	<u>437,370</u>	<u>21,843</u>	<u>555,936</u>
End of year	<u>\$ 84,009</u>	<u>\$ 23,169</u>	<u>\$ 454,177</u>	<u>\$ 123,794</u>	<u>\$ 685,149</u>



**Village of Harwood Heights, Illinois****Emergency Telephone System Fund****SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL****Year Ended April 30, 2008**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
<b>Revenues</b>			
<b>Taxes</b>			
911 tax	\$ 120,000	\$ 100,269	\$ (19,731)
<b>Investment income</b>	<u>3,000</u>	<u>2,044</u>	<u>(956)</u>
<b>Total revenues</b>	<u>123,000</u>	<u>102,313</u>	<u>(20,687)</u>
<b>Expenditures</b>			
<b>Public safety</b>			
Telephone	11,589	16,854	5,265
Seminars and conferences	1,600	3,630	2,030
Maintenance	-	22,974	22,974
Bank fees	250	245	(5)
Service contracts	47,219	18,117	(29,102)
L.E.A.D.S. access	10,500	8,992	(1,508)
Dues and subscriptions	<u>607</u>	<u>758</u>	<u>151</u>
<b>Total public safety</b>	71,765	71,570	(195)
<b>Capital outlay</b>			
Other equipment	<u>32,248</u>	<u>10,834</u>	<u>(21,414)</u>
<b>Total expenditures</b>	<u>104,013</u>	<u>82,404</u>	<u>(21,609)</u>
<b>Net change in fund balance</b>	\$ <u>18,987</u>	19,909	\$ <u>922</u>
<b>Fund balance</b>			
Beginning of year		<u>64,100</u>	
End of year		\$ <u>84,009</u>	

## **PROPRIETARY FUND**

### **Enterprise Fund**

**The Water and Sewer Fund** is an enterprise fund used to account for the service-related revenues charged to provide water and sewer services to customers and to fund the related expenses.

**Village of Harwood Heights, Illinois**  
**Water and Sewer Fund**  
**SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL**  
**Year Ended April 30, 2008**

	Original and Final Budget	Actual	Variance Over / (Under)
<b>Operating revenues</b>			
Charges for sales and services			
Water sales	\$ 800,000	\$ 763,203	\$ (36,797)
Sewer fees	250,000	247,275	(2,725)
Water taps	15,000	6,000	(9,000)
Meter sales	20,000	20,942	942
Water miscellaneous	7,500	3,538	(3,962)
Total charges for sales and services	1,092,500	1,040,958	(51,542)
Penalties	15,000	26,700	11,700
Total operating revenues	1,107,500	1,067,658	(39,842)
<b>Nonoperating revenues</b>			
Antenna leasing	25,600	30,864	5,264
Interest income	50,000	39,591	(10,409)
Community Development Block Grant (CDBG)	65,000	-	(65,000)
Total nonoperating revenues	140,600	70,455	(70,145)
Total revenues	\$ 1,248,100	\$ 1,138,113	\$ (109,987)

**Village of Harwood Heights, Illinois**  
**Water and Sewer Fund**  
**SCHEDULE OF DETAILED EXPENSES - BUDGET AND ACTUAL**  
**Year Ended April 30, 2008**

	Original and Final Budget	Actual	Variance Over / (Under)
Operating expenses			
Personal services			
Water Commissioner	\$ 6,600	\$ 6,600	\$ -
Collector	900	225	(675)
Meter reading	14,000	14,133	133
Services - maintenance men	150,000	150,000	-
Services - office clerks	75,000	75,000	-
Services - Village Engineer	6,107	-	(6,107)
Security	3,000	10,877	7,877
Fica taxes	1,576	1,732	156
Unemployment tax	392	-	(392)
Total personal services	257,575	258,567	992
Commodities			
Office Supplies	2,000	-	(2,000)
Building maintenance supplies	1,000	215	(785)
Vehicle gas and oil	7,000	7,732	732
Purchase of water	432,000	474,918	42,918
Electric power and gas	40,000	29,263	(10,737)
Chlorine	800	819	19
Pump room supplies	1,000	439	(561)
Outside maintenance supplies	10,000	11,900	1,900
Hydrant parts	1,500	815	(685)
New meter purchases	100,000	68,344	(31,656)
Uniforms	2,000	2,004	4
Water supplies - miscellaneous	1,000	4,290	3,290
Total commodities	598,300	600,739	2,439
Other services			
City of Chicago sewer fees	147,736	123,715	(24,021)
Insurance - workers' compensation	6,388	8,120	1,732

(Continued)

# Village of Harwood Heights, Illinois

## Water and Sewer Fund

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

Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Over / (Under)
Operating expenses (continued)			
Other services (continued)			
Telephone	\$ 6,000	\$ 3,624	\$ (2,376)
Postage	7,200	6,537	(663)
Legal fees	100	165	65
Water engineering fees	80,000	28,633	(51,367)
Water testing	8,000	11,578	3,578
Dues, lectures, and conference fees	8,000	2,318	(5,682)
Insurance	7,495	-	(7,495)
Auditing	5,000	-	(5,000)
Computer service	2,000	1,201	(799)
Street, sidewalk, and parkway repair	10,000	6,031	(3,969)
Main testing and maintenance	12,000	1,015	(10,985)
Office equipment maintenance	500	-	(500)
Buildings and grounds maintenance	5,000	341	(4,659)
Reservoir and tower maintenance	15,000	4,064	(10,936)
Equipment maintenance	5,000	1,061	(3,939)
Vehicle repair and maintenance	2,000	7,456	5,456
Outside service - breaks	2,000	14	(1,986)
Outside service - taps	4,000	958	(3,042)
Water service - miscellaneous	500	-	(500)
Sewer maintenance and repair	50,000	2,836	(47,164)
Sewer - engineering fees	5,000	1,000	(4,000)
Single family flood relief grant	5,000	4,500	(500)
Insurance-property, liability, and auto	4,240	5,389	1,149
Fire hydrant installation	3,000	-	(3,000)
Total other services	401,159	220,556	(180,603)

(Continued)

**Village of Harwood Heights, Illinois**  
**Water and Sewer Fund**  
**SCHEDULE OF DETAILED EXPENSES - BUDGET AND ACTUAL**  
**Year Ended April 30, 2008**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Operating expenses (continued)			
Capital outlay			
Office furniture and equipment	\$ 1,000	\$ 654	\$ (346)
Building improvements	10,000	1,009	(8,991)
Vehicles	18,000	-	(18,000)
Other equipment purchases	45,000	2,590	(42,410)
Pump room equipment	7,000	1,397	(5,603)
Water distribution phase II	30,000	17,037	(12,963)
Water main capital improvement I	260,000	-	(260,000)
Water main capital improvement II	650,000	-	(650,000)
Wilson Avenue water main	15,000	44,025	29,025
Narragansett water service grant	45,000	-	(45,000)
Total capital outlay	<u>1,081,000</u>	<u>66,712</u>	<u>(1,014,288)</u>
Depreciation	<u>4,000</u>	<u>14,339</u>	<u>10,339</u>
Total operating expenses	<u>\$ 2,342,034</u>	<u>\$ 1,160,913</u>	<u>\$ (1,181,121)</u>

(Concluded)

## **FIDUCIARY FUND**

### **Agency Fund**

**The Special Assessments Agency Fund** is used to account for the assets, liabilities, and the changes that belong to the special assessment area.

**Village of Harwood Heights, Illinois**  
**Fiduciary Fund**  
**Special Assessments Agency Fund**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**Year Ended April 30, 2008**

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balances</u>
<b>ASSETS</b>				
Cash	\$ 47,114	\$ 1,506	\$ -	\$ 48,620
Short-term investments	67,418	3,479	-	70,897
Receivables				
Special assessments	<u>3,148</u>	<u>-</u>	<u>1</u>	<u>3,147</u>
Total assets	<u>\$ 117,680</u>	<u>\$ 4,985</u>	<u>\$ 1</u>	<u>\$ 122,664</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 23,825	\$ 1,123	\$ -	\$ 24,948
Due to property owners	<u>93,855</u>	<u>3,861</u>	<u>-</u>	<u>97,716</u>
Total liabilities	<u>\$ 117,680</u>	<u>\$ 4,984</u>	<u>\$ -</u>	<u>\$ 122,664</u>