

**The Village of
Harwood Heights, Illinois**

Annual Financial Report

Year Ended April 30, 2010

Village of Harwood Heights, Illinois

ANNUAL FINANCIAL REPORT

Year Ended April 30, 2010

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INTRODUCTORY SECTION

Village of Harwood Heights

PRINCIPAL OFFICIALS

Year Ended April 30, 2010

Arlene Jezierny, Mayor

Marcia Pollowy, Village Clerk

Joseph Russo, Treasurer

Board of Trustees

Demetrios Mougolias

Lester Szlendak

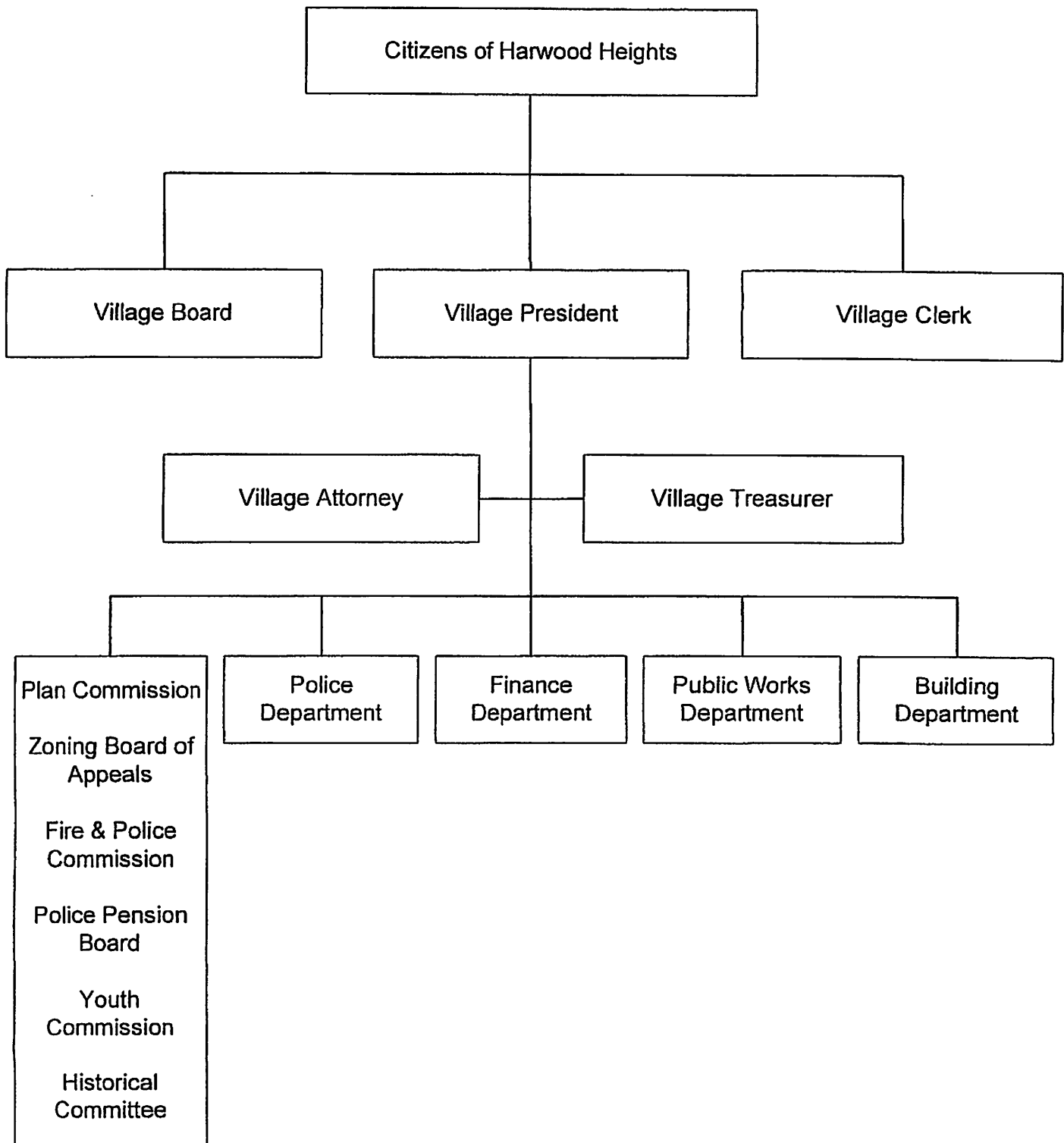
Michael Gadzinski

Mark Dobrzycki

Lawrence Steiner

Therese Schuepfer

Village of Harwood Heights 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, 2010, 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, 2010, 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)

The management's discussion and analysis on pages 3 through 12 and the budgetary comparison information and the Police Pension Funds, Illinois Municipal Retirement, and Other Postemployment Benefits required supplementary information on pages 66 through 69 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
June 27, 2011

Village of Harwood Heights, Illinois
Management's Discussion and Analysis
April 30, 2010

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, to provide an overview of the Village's financial activity, to identify changes in the Village's financial position, to identify any material deviations from the approved appropriations, and to identify individual fund issues or concerns. The information presented here should be read in conjunction with additional information included in the Village's audited financial statements and the accompanying footnotes, following this narrative.

Financial Highlights

- The assets of the Village exceeded its liabilities at the close of Fiscal Year 2010 by \$8,943,462, including \$7,345,341 in capital assets, net of related debt.
- At the close of Fiscal Year 2010, the Village's governmental funds reported combined ending fund balances of \$2,437,904. Approximately 59%, or \$1,439,349, 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 2010, the unreserved, undesignated portion of the General Fund balance was \$1,439,349, or approximately 21% 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 \$596,745 during Fiscal Year 2010 through the reduction of principal 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 required and other supplemental information to enhance the understanding of the overall financial condition of the Village.

Government-Wide Financial Statements

The Statement of Net Assets and the Statements of Activities are the first two basic 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.

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.

Village of Harwood Heights, Illinois
Management's Discussion and Analysis
April 30, 2010

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 services were the Village of Harwood Heights' only business-type activity during Fiscal Year 2010.

Fund Financial Statements

The fund financial statements on pages 18 through 24 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 18) and the change in net assets of governmental activities (as reported in the statement of activities, pages 14 and 15) is a part of the fund financial statements and is found on page 19.

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.

Village of Harwood Heights, Illinois
Management's Discussion and Analysis
April 30, 2010

The Village's budgetary comparison statements are presented in a three-column format: 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 2010 is found on page 70 in the Required Supplementary Information section.

Proprietary Funds

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 the 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 Pension Fund.

Notes to the Financial Statements

The notes on pages 27 through 64, inclusive, provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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 65 through 71, inclusive. Other supplementary information on pages 72 through 84, 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 85.

Village of Harwood Heights, Illinois
Management's Discussion and Analysis
April 30, 2010

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 \$8,943,462 as of April 30, 2010. However, the majority, about 82%, 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 \$226,512, and unrestricted net assets for business-type activities, which can be used to finance day-to-day operations, were \$827,991.

Condensed Statements of Changes in Net Assets-Fiscal Years 2009 and 2010

	Governmental Activities		Business-Type Activity		Total Primary Government	
	2009	2010	2009	2010	2009	2010
Current/ Other Assets	\$ 4,404,512	\$ 3,904,234	\$ 778,478	\$ 631,796	\$ 5,182,990	\$ 4,536,030
Capital Assets	\$ 12,027,988	\$ 11,933,519	\$ 1,588,108	\$ 1,521,821	\$ 13,616,096	\$ 13,455,340
Total Assets	\$16,432,500	\$15,837,753	\$ 2,366,586	\$ 2,153,617	\$18,799,086	\$17,991,370
Current/Other Liabilities	\$ 1,707,803	\$ 2,173,901	\$ 3,000	\$ (182,441)	\$ 1,710,803	\$ 1,991,460
Long-term liabilities	\$ 8,234,590	\$ 7,056,448	\$ 26,662	\$ -	\$ 8,261,252	\$ 7,056,448
Total Liabilities	\$ 9,942,393	\$ 9,230,349	\$ 29,662	\$ (182,441)	\$ 9,972,055	\$ 9,047,908
Investment in Capital Assets-net of related debt	\$ 5,335,018	\$ 5,837,274	\$ 1,561,446	\$ 1,508,067	\$ 6,896,464	\$ 7,345,341
Restricted Net Assets	\$ 1,664,718	\$ 996,642	\$ -	\$ -	\$ 1,664,718	\$ 996,642
Unrestricted Net Assets	\$ (509,629)	\$ (226,512)	\$ 775,478	\$ 827,991	\$ 265,849	\$ 601,479
Total Net Assets	\$ 6,490,107	\$ 6,607,404	\$ 2,336,924	\$ 2,336,058	\$ 8,827,031	\$ 8,943,462

Village of Harwood Heights, Illinois
Management's Discussion and Analysis
April 30, 2010

Condensed Statements of Changes in Net Assets-Fiscal Years 2009 and 2010

	Governmental Activities		Business-Type Activity		Total Primary Government	
	2009	2010	2009	2010	2009	2010
Revenues						
Program Revenues						
Charges for Services	\$ 706,462	\$ 1,518,489	\$ 1,201,580	\$ 1,272,705	\$ 1,908,042	\$ 2,791,194
Operating Grants/Contributions	\$ 223,830	\$ 293,891	\$ -	\$ -	\$ 223,830	\$ 293,891
Capital Grants/Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Revenues						
Taxes	\$ 3,748,180	\$ 3,630,111	\$ -	\$ -	\$ 3,748,180	\$ 3,630,111
Investment Income	\$ 44,641	\$ 10,075	\$ 13,904	\$ 898	\$ 58,545	\$ 10,973
Intergovernmental	\$ 1,850,300	\$ 2,110,406	\$ -	\$ -	\$ 1,850,300	\$ 2,110,406
Total Revenues	\$ 6,573,413	\$ 7,562,972	\$ 1,215,484	\$ 1,273,603	\$ 7,788,897	\$ 8,836,575
Expenses						
General Government	\$ 1,671,268	\$ 1,752,371	\$ -	\$ -	\$ 1,671,268	\$ 1,752,371
Public Safety	\$ 3,541,249	\$ 4,240,091	\$ -	\$ -	\$ 3,541,249	\$ 4,240,091
Public Works	\$ 778,195	\$ 1,196,606	\$ -	\$ -	\$ 778,195	\$ 1,196,606
Interest	\$ 249,611	\$ 256,607	\$ -	\$ -	\$ 249,611	\$ 256,607
Water	\$ -	\$ -	\$ 1,351,505	\$ 1,274,469	\$ 1,351,505	\$ 1,274,469
Total Expenses	\$ 6,240,323	\$ 7,445,675	\$ 1,351,505	\$ 1,274,469	\$ 7,591,828	\$ 8,720,144
Increase (Decrease) in Net Assets	\$ 333,090	\$ 117,297	\$ (136,021)	\$ (866)	\$ 197,069	\$ 116,431
Net Assets-April 30, 2009		\$ 6,490,107		\$ 2,336,924		\$ 8,827,031
Net Assets-April 30, 2010		\$ 6,607,404		\$ 2,336,058		\$ 8,943,462

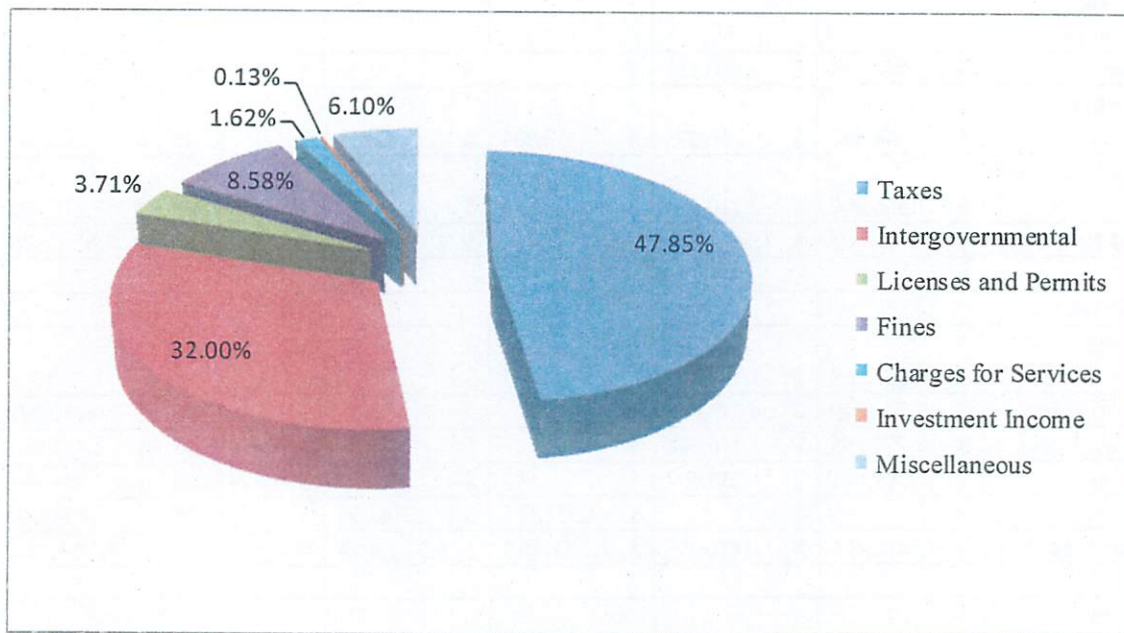
Village of Harwood Heights, Illinois
Management's Discussion and Analysis
April 30, 2010

Revenues and Expenses

Governmental Revenues

Governmental revenues totaled approximately \$7.56 million, with property taxes comprising 17.17% of all tax revenues for Fiscal Year 2010. State sales tax and home rule sales tax decreased by \$18,545 and were the next largest sources of revenue for the period at \$865,495 and \$662,617, respectively. The overall decrease in sales taxes compared to Fiscal Year 2009 can be attributed to the downturn in the economy nationwide. State income taxes, a state-shared revenue, totaled \$658,980 for the fiscal year, a 13% decrease. Utility taxes generated \$382,199 in revenues, a 19% decrease. Village licenses and permit fees totaled \$281,826, a decrease of 15%.

FY2010 Governmental Revenue Sources

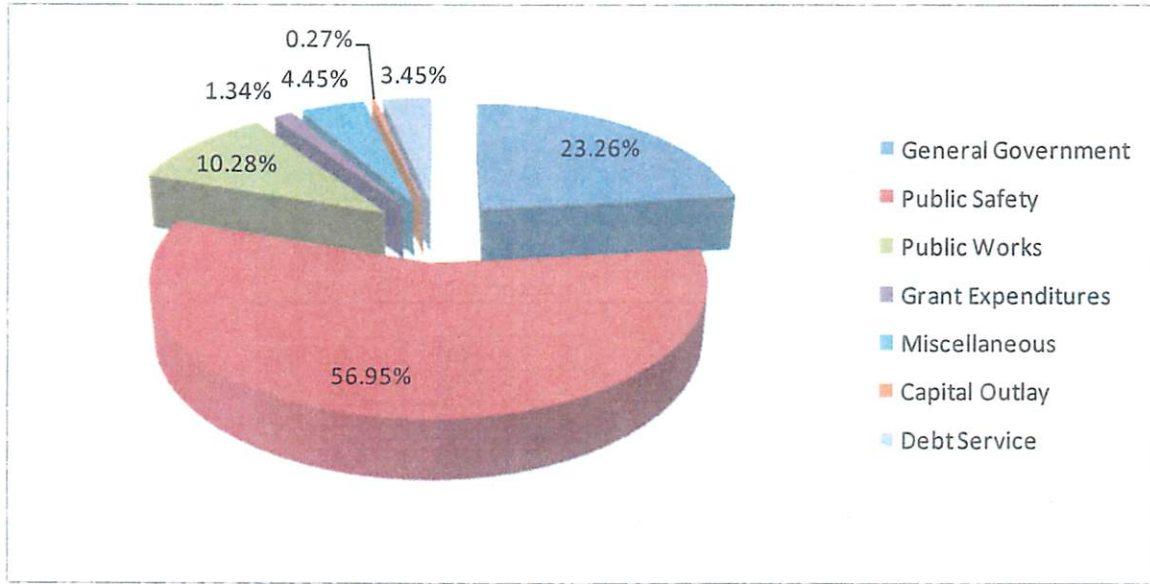


Governmental Expenses

Governmental activities expended approximately \$7.45 million during Fiscal Year 2010. Those expenses include public safety, public works, general government, and debt service. Public safety expenses of \$4.24 million comprised the largest expenditure and include police department operating expenses. General government expenses totaled \$1.73 million, 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 \$1.20 million, and debt service totaled \$256,607.

Village of Harwood Heights, Illinois
Management's Discussion and Analysis
April 30, 2010

FY2010 Governmental Expenses by Category



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 2010 were \$1,229,876. Revenues for water taps, meter sales, and miscellaneous revenues totaled \$14,851. Non-operating income of \$28,876 was produced by investment income and antenna leasing. Total operating expenses were \$1,274,469, which includes \$560,889 for water purchased and \$151,903 for sewer fees paid to the City of Chicago. Personal services of \$358,436 were provided by public works and administration employees. Additional expenses were \$587,405 for commodities, other services equaling \$257,250, and \$5,091 in capital outlay.

Village of Harwood Heights, Illinois
Management's Discussion and Analysis
April 30, 2010

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 2010, the Village was not required to amend its appropriation ordinance. The following table compares appropriated amounts and actual Fiscal Year 2010 General Fund revenues and expenditures.

General Fund	FY 2010 Appropriation	FY2010 Actual
Revenues		
Taxes	\$ 3,604,200	\$ 2,830,032
Intergovernmental	\$ 2,946,233	\$ 2,211,456
Other	\$ 2,242,700	\$ 1,466,516
Total Revenues	\$ 8,793,133	\$ 6,508,004
Expenditures	\$ 8,121,146	\$ 6,808,547
Other Financing Sources	\$ -	\$ 811,667
Change in Fund Balance	\$ 671,987	\$ 511,124

Actual fiscal year 2010 General Fund revenues were less than appropriated revenues because anticipated property taxes, real estate transfer taxes, and home rule sales taxes were not realized during the fiscal year. Actual Fiscal Year 2010 General Fund expenditures were \$1,312,599 less than appropriated. All functional expenditures were significantly below their respective appropriated amounts.

Capital Assets

As of April 30, 2010, the Village of Harwood Heights has a total capital assets investment of \$21,805,852, less accumulated depreciation of \$8,350,512, for a net capital assets investment of \$13,455,340. Those net capital assets are categorized in the governmental activities and business-type activity in the amounts of \$11,933,519 and \$1,521,521, respectively.

Asset Type	FY2009	FY2010
Land	\$ 629,428	\$ 629,428
Buildings	\$ 5,264,351	\$ 5,136,952
Machinery and Equipment	\$ 648,185	\$ 657,246
Land Improvements	\$ 33,600	\$ 29,044
Infrastructure	\$ 7,040,532	\$ 7,002,670
Total Net Capital Assets	\$13,616,096	\$13,455,340

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

Village of Harwood Heights, Illinois
Management's Discussion and Analysis
April 30, 2010

Major Funds Discussion

The following schedule presents a comparative summary of General Fund revenues and other financing sources between FY 2009 and FY 2010:

Revenues and Other Financing Sources	FY2009	FY2010	% of FY2010 Total	\$ Change from FY2009	% Change from FY2009
Taxes	\$ 2,882,366	\$ 2,830,032	43.49%	\$ (52,334)	-1.82%
Intergovernmental	\$ 1,807,618	\$ 2,211,456	33.98%	\$ 403,838	22.34%
Licenses and Permits	\$ 331,577	\$ 281,826	4.33%	\$ (49,751)	-15.00%
Fines	\$ 272,630	\$ 650,526	10.00%	\$ 377,896	138.61%
Charges for Services	\$ 17,954	\$ 102,902	1.58%	\$ 84,948	473.14%
Investment Income	\$ 4,233	\$ 1,081	0.02%	\$ (3,152)	-74.46%
Miscellaneous	\$ 82,150	\$ 430,181	6.61%	\$ 348,031	423.65%
Total	\$ 5,398,528	\$ 6,508,004	100%	\$ 1,109,476	20.55%

The following schedule presents a comparative summary of General Fund expenditures for FY 2009 and FY 2010:

Comparative Summary of General Fund Expenditures

Revenues and Other Financing Sources	FY2009	FY2010	% of FY2010 Total	\$ Change from FY2009	% Change from FY2009
General Administration	\$ 292,792	\$ 78,013	1.15%	\$ (214,779)	-73.36%
Law Department	\$ 149,234	\$ 172,840	2.54%	\$ 23,606	15.82%
Finance	\$ 358,369	\$ 606,783	8.91%	\$ 248,414	69.32%
Buildings	\$ 108,777	\$ 98,489	1.45%	\$ (10,288)	-9.46%
Recreation	\$ 162,844	\$ 141,384	2.08%	\$ (21,460)	-13.18%
Health	\$ 513,534	\$ 503,960	7.40%	\$ (9,574)	-1.86%
Budget Contingencies	\$ -	\$ 30,980	0.46%	\$ 30,980	100.00%
Public Safety	\$ 3,932,032	\$ 3,966,298	58.25%	\$ 34,266	0.87%
Public Works	\$ 656,863	\$ 525,617	7.72%	\$ (131,246)	-19.98%
Debt Service	\$ 273,974	\$ 273,700	4.02%	\$ (274)	-0.10%
Grants	\$ -	\$ 100,106	1.47%	\$ 100,106	100.00%
Capital Outlay	\$ 188,304	\$ 310,377	4.56%	\$ 122,073	64.83%
Total	\$ 6,636,723	\$ 6,808,547	100%	\$ 171,824	2.59%

Village of Harwood Heights, Illinois
Management's Discussion and Analysis
April 30, 2010

Debt Administration

As of April 30, 2010, 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 \$375,000 Series 2006 promissory note payable in monthly installments through December 1, 2011.

During Fiscal Year 2007, the Village's business-type activity committed to a noncancelable lease for a backhoe through 2010, 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 the 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 2010-2011 General Fund appropriation of \$6,545,218, which represents a decrease of \$1,576,198 from Fiscal Year 2009-2010.

Requests for Information

This financial report is intended to provide our citizens, customers, investors, and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. 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, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current			
Cash and cash equivalents	\$ 2,191,456	\$ 442,811	\$ 2,634,267
Receivables (net of allowance)	1,708,252	163,484	1,871,736
Prepaid items	4,526	25,501	30,027
Noncurrent assets			
Capital assets not being depreciated	629,428	-	629,428
Capital assets, net of accumulated depreciation	<u>11,304,091</u>	<u>1,521,821</u>	<u>12,825,912</u>
Total assets	<u>15,837,753</u>	<u>2,153,617</u>	<u>17,991,370</u>
LIABILITIES			
Current			
Accounts payable	207,567	23,377	230,944
Accrued payroll liabilities	14,570	-	14,570
Deposits payable	31,530	-	31,530
Accrued interest	71,666	-	71,666
Due to Police Pension Fund	14,592	-	14,592
Internal balances	219,572	(219,572)	-
Unearned revenue	978,499	-	978,499
Noncurrent liabilities			
Due within one year	635,905	13,754	649,659
Due in more than one year	<u>7,056,448</u>	<u>-</u>	<u>7,056,448</u>
Total liabilities	<u>9,230,349</u>	<u>(182,441)</u>	<u>9,047,908</u>
NET ASSETS			
Investment in capital assets, net of related debt	5,837,274	1,508,067	7,345,341
Restricted	996,642	-	996,642
Unrestricted	<u>(226,512)</u>	<u>827,991</u>	<u>601,479</u>
Total net assets	<u>\$ 6,607,404</u>	<u>\$ 2,336,058</u>	<u>\$ 8,943,462</u>

The accompanying notes are an integral part of this statement.

Village of Harwood Heights, Illinois

STATEMENT OF ACTIVITIES

Year Ended April 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants</u>
Governmental activities			
General government	\$ 1,752,371	\$ 586,137	\$ -
Public safety	4,240,091	650,526	293,891
Public works	1,196,606	281,826	-
Interest	<u>256,607</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>7,445,675</u>	<u>1,518,489</u>	<u>293,891</u>
Business-type activities			
Water and Sewer	<u>1,274,469</u>	<u>1,272,705</u>	<u>-</u>
Total	<u>\$ 8,720,144</u>	<u>\$ 2,791,194</u>	<u>\$ 293,891</u>
General revenues			
Taxes			
Intergovernmental			
Interest			
Transfers - internal activity			
Total general revenues			
Change in net assets			
Net assets - beginning			
Net assets - ending			

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>
\$ (1,166,234)	\$ -	\$ (1,166,234)
(3,295,674)	-	(3,295,674)
(914,780)	-	(914,780)
<u>(256,607)</u>	<u>-</u>	<u>(256,607)</u>
<u>(5,633,295)</u>	<u>-</u>	<u>(5,633,295)</u>
<u>-</u>	<u>(1,764)</u>	<u>(1,764)</u>
<u>(5,633,295)</u>	<u>(1,764)</u>	<u>(5,635,059)</u>
3,630,111	-	3,630,111
2,133,644	-	2,133,644
10,075	898	10,973
<u>(23,238)</u>	<u>-</u>	<u>(23,238)</u>
<u>5,750,592</u>	<u>898</u>	<u>5,751,490</u>
117,297	(866)	116,431
<u>6,490,107</u>	<u>2,336,924</u>	<u>8,827,031</u>
<u>\$ 6,607,404</u>	<u>\$ 2,336,058</u>	<u>\$ 8,943,462</u>

Village of Harwood Heights, Illinois

Governmental Funds

BALANCE SHEET

April 30, 2010

	General	Motor Fuel Tax	Special Service Area Bond Proceeds	General Obligation Bond	Nonmajor Governmental	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 834,904	\$ 267,521	\$ 329,534	\$ 186,252	\$ 573,245	\$ 2,191,456
Receivables, net of allowances						
Property taxes	628,322	-	-	196,634	-	824,956
Intergovernmental	795,878	17,997	-	-	-	813,875
Other	65,360	-	-	-	4,061	69,421
Prepays	4,526	-	-	-	-	4,526
Due from other funds	570,539	-	-	192,516	30,373	793,428
Advances to other fund	1,913	-	-	-	-	1,913
Total assets	\$ 2,901,442	\$ 285,518	\$ 329,534	\$ 575,402	\$ 607,679	\$ 4,699,575
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 205,535	\$ -	\$ -	\$ -	\$ 2,032	\$ 207,567
Accrued payroll liabilities	14,570	-	-	-	-	14,570
Deposits payable	31,530	-	-	-	-	31,530
Advances from other fund	-	1,913	-	-	-	1,913
Due to other funds	412,088	-	329,534	-	271,378	1,013,000
Due to Police Pension Fund	14,592	-	-	-	-	14,592
Unearned revenue	781,865	-	-	196,634	-	978,499
Total liabilities	1,460,180	1,913	329,534	196,634	273,410	2,261,671
Fund balances						
Reserved for:						
Advances to other fund	1,913	-	-	-	-	1,913
Capital projects	-	-	-	378,768	-	378,768
Debt service	-	-	-	-	251,055	251,055
Special revenue	-	283,605	-	-	83,214	366,819
Unreserved - undesignated	1,439,349	-	-	-	-	1,439,349
Total fund balance	1,441,262	283,605	-	378,768	334,269	2,437,904
Total liabilities and fund balance	\$ 2,901,442	\$ 285,518	\$ 329,534	\$ 575,402	\$ 607,679	\$ 4,699,575

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, 2010

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

Total fund balance - governmental funds	\$ 2,437,904
---	--------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	11,933,519
--	------------

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>(7,764,019)</u>
--	--------------------

Net assets - governmental activities	<u>\$ 6,607,404</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, 2010

	General Fund	Motor Fuel Tax Fund	Special Service Area Bond Proceeds Fund	General Obligation Bond	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 2,830,032	\$ -	\$ -	\$ 384,654	\$ 415,425	\$ 3,630,111
Intergovernmental	2,211,456	209,392	-	-	6,687	2,427,535
Licenses and permits	281,826	-	-	-	-	281,826
Fines	650,526	-	-	-	-	650,526
Charges for services	102,902	-	-	-	20,363	123,265
Investment income	1,081	730	4,871	28	3,365	10,075
Miscellaneous	430,181	17,172	-	-	15,519	462,872
Total revenues	6,508,004	227,294	4,871	384,682	461,359	7,586,210
Expenditures						
Current						
General government	1,632,449	-	-	-	-	1,632,449
Public safety	3,966,298	-	-	-	122,286	4,088,584
Public works	525,617	29,415	-	-	-	555,032
Grant expenditures	100,106	-	-	-	-	100,106
Miscellaneous	-	276,118	-	-	55,017	331,135
Capital outlay	310,377	-	-	-	345	310,722
Debt service						
Principal	243,808	-	-	255,000	120,000	618,808
Interest	29,892	-	-	105,890	124,470	260,252
Total expenditures	6,808,547	305,533	-	360,890	422,118	7,897,088
Other financing sources (uses)						
Transfer (out)	(13,936)	-	(431,742)	-	(447,472)	(893,150)
Transfer in	825,603	-	-	-	44,309	869,912
Total other financing sources (uses)	811,667	-	(431,742)	-	(403,163)	(23,238)
Net change in fund balances	511,124	(78,239)	(426,871)	23,792	(363,922)	(334,116)
Fund balance						
Beginning of year	930,138	361,844	426,871	354,976	698,191	2,772,020
End of year	\$ 1,441,262	\$ 283,605	\$ -	\$ 378,768	\$ 334,269	\$ 2,437,904

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, 2010

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

Net change in fund balances - total governmental funds	\$ (334,116)
--	--------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay.	(94,469)
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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>545,882</u>
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Change in net assets - governmental activities	<u><u>\$ 117,297</u></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, 2010

	<u>Business-Type Activity</u>
ASSETS	
Current	
Cash and cash equivalents	\$ 442,811
Prepaid sewer liability	25,501
Customer receivables (net of allowance)	163,484
Due from other funds	<u>219,572</u>
Total current assets	<u>851,368</u>
Capital assets, net of accumulated depreciation	<u>1,521,821</u>
Total assets	<u>2,373,189</u>
LIABILITIES	
Accounts payable	23,377
Capital lease payable	<u>13,754</u>
Total liabilities	<u>37,131</u>
NET ASSETS	
Invested in capital assets, net of related debt	1,508,067
Unrestricted	<u>827,991</u>
Total net assets	<u>\$ 2,336,058</u>

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, 2010

	Business-Type Activity
OPERATING REVENUES	
Charges for services	\$ 1,243,646
Penalties	<u>1,081</u>
Total operating revenues	<u>1,244,727</u>
OPERATING EXPENSES	
Current	
Personal services	358,436
Commodities	587,405
Other services	257,250
Capital outlay	5,091
Depreciation	<u>66,287</u>
Total operating expenses	<u>1,274,469</u>
OPERATING LOSS	<u>(29,742)</u>
NONOPERATING REVENUE	
Antenna leasing	27,978
Interest income	<u>898</u>
Total nonoperating revenues	<u>28,876</u>
CHANGE IN NET ASSETS	(866)
TOTAL NET ASSETS	
Beginning of year	<u>2,336,924</u>
End of year	<u>\$ 2,336,058</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, 2010

	Business-Type Activity
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,233,608
Cash paid to suppliers for goods and services	(829,565)
Cash paid to employees for services	(358,436)
Net cash provided by operating activities	45,607
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Change in due from/to other funds	(783,427)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Repayment of capital lease	(12,908)
Net cash used in capital and related financing activities	(12,908)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	898
Antenna leasing	27,978
Net cash provided by operating activities	28,876
NET DECREASE IN CASH AND CASH EQUIVALENTS	(721,852)
CASH AND CASH EQUIVALENTS	
Beginning of year	1,164,663
End of year	\$ 442,811
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	\$ (29,742)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	66,287
Changes in assets and liabilities	
Accounts receivable	(11,038)
Accounts payable	20,377
Sewer fee liability	(277)
Net cash provided by operating activities	\$ 45,607

The accompanying notes are an integral part of this statement.

Village of Harwood Heights, Illinois

Fiduciary Funds

STATEMENT OF NET ASSETS

April 30, 2010

	<u>Pension Fund</u>	<u>Agency Fund</u>
	<u>Police Pension</u>	<u>Special Assessments</u>
ASSETS		
Cash and cash equivalents	\$ 278,916	\$ 24,425
Investments	12,621,626	73,733
Accrued interest receivable	104,363	-
Due from property owners	-	3,147
Due from the Village	<u>14,592</u>	<u>-</u>
Total assets	<u>13,019,497</u>	<u>\$ 101,305</u>
LIABILITIES		
Due to property owners	<u>-</u>	<u>\$ 101,305</u>
Total liabilities	<u>-</u>	<u>\$ 101,305</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 13,019,497</u>	

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, 2010

ADDITIONS

Contributions

Employer	\$ 431,147
Plan Members	<u>181,586</u>

Total contributions	<u>612,733</u>
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Investment income

Net increase in fair value of investments	1,090,339
Interest	<u>478,596</u>

Total investment income	1,568,935
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Less investment expense	<u>(35,532)</u>
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Net investment income	<u>1,533,403</u>
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Total additions	<u>2,146,136</u>
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DEDUCTIONS

Pension benefits	615,477
Refunds	49,374
Administrative expense	<u>8,690</u>

Total deductions	<u>673,541</u>
------------------	----------------

NET DECREASE	1,472,595
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**PLAN NET ASSETS HELD IN TRUST
FOR PENSION BENEFITS**

Beginning of year	<u>11,546,902</u>
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End of year	<u><u>\$ 13,019,497</u></u>
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The accompanying notes are an integral part of this statement.

Village of Harwood Heights, Illinois

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April 30, 2010

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Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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 services.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

3. 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 based upon the 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.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Basis of Presentation - Fund Accounting (Continued)

a. Governmental Fund Types (Continued)

- ii. Special revenue funds are used to account for the proceeds of specific revenue sources (other than debt service 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, and the Emergency Telephone System Fund.
- iii. Debt service funds are used to account for the accumulation of resources for debt service payments. The Village has two debt service funds, the General Obligations Fund and the Special Service Area Debt Service Fund.
- iv. Capital project funds are used to account for the use of resources for capital improvements. The Village has two capital project funds, the Special Service Area Bond Proceeds Fund and the Grant 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.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Basis of Presentation - Fund Accounting (Continued)

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 and is audited by other auditors.

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

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.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Village reports the following major governmental funds:

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

The 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 General Obligation Bonds Fund is a debt service fund and is used to account for the payment of principal and interest on the Village's general obligation bonds. The principal sources of revenue is property taxes.

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.

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

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 Trust 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.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

5. Cash Equivalents

The Village considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2010

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, 2010

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	\$ 283,605
Crime investigation	6,735
Public safety - 911 service	76,479
Debt service	248,735
Capital projects	378,768
Grants	<u>2,320</u>
Total net assets restricted by enabling legislation	<u>\$ 996,642</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, 2010

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 – 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	17,341,508
Accumulated depreciation	<u>(6,037,417)</u>
Total capital assets not reported in governmental funds	<u>11,933,519</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	(5,660,000)
Installment notes	(414,162)
Accrued interest	(71,666)
Compensated absences payable	(720,551)
Capital lease payable	(22,063)
Net pension obligation	<u>(875,577)</u>
Total long-term liabilities not reported in governmental funds	<u>(7,764,019)</u>

Net adjustment to increase fund balance - total governmental funds to arrive at net assets – governmental activities.	\$ <u>4,169,500</u>
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Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

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

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – 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	\$ 290,545
Depreciation expense	<u>(385,014)</u>
Total amount by which depreciation expense exceeded capital outlay	<u>(94,469)</u>

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

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

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:

Decrease in accrued interest	\$ 3,645
Principal payments on general installment note	243,808
Principal payments on general obligation bond	375,000
Increase in net pension obligation	(138,521)
Decrease in compensated absences	84,013
Increase in capital lease obligation	<u>(22,063)</u>
Net changes in current financial resources	<u>545,882</u>
Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net assets - governmental activities	<u>\$ 451,413</u>

NOTE C - DEPOSITS AND INVESTMENTS

1. Village Deposits and 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.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

1. Village Deposits and Investments (Continued)

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, 2010, none of the Village's total deposits of \$2,808,440 were uninsured or uncollateralized.

Investments

The following table presents the Village's investments and maturities as of April 30, 2010.

Investment Type	Fair Value	Investment Maturities in Years		
		Less than 1	1 - 5	Greater than 5
The Illinois Funds	\$ <u>1,066,083</u>	\$ <u>1,066,083</u>	\$ <u>-</u>	\$ <u>-</u>

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

1. Village Deposits and 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 the 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 in one type of investment. The Village's investment policy does not discuss concentration of credit risk related to investments. At April 30, 2010, 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, 2010

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 companies. 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.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

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

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

Deposits. At year-end, the carrying amount of the Pension Fund's deposits totaled \$278,916, and the bank balances totaled \$278,916.

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	\$ 437,985	\$ -	\$ 110,875	\$ 327,110	\$ -
U.S. Treasury Strips	367,113	-	144,860	222,253	-
Governmental National Mortgage	165,737	-	-	-	165,737
Federal National Mortgage	737,414	250,813	486,601	-	-
Federal Farm Credit Bank	2,285,701	104,594	790,888	1,390,219	-
Federal Home Loan Bank	3,075,064	152,953	1,630,310	1,291,801	-
Federal Home Loan Mortgage Corp.	40,299	40,299	-	-	-
State and Local Obligations	1,513,534	102,398	744,174	557,576	109,386
Money Market Mutual Funds	79,819	79,819	-	-	-
The Illinois Funds	1,430	1,430	-	-	-
TOTAL	\$ 8,704,096	\$ 732,306	\$ 3,907,708	\$ 3,788,959	\$ 275,123

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

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

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

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

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 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, 2010, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance. 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.

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Illinois Funds, money market mutual funds, and equity mutual funds are not subject to custodial credit risk. At April 30, 2010, the U.S. government agencies and the state and local obligations are held by the counterparty in the trust department. The Pension Fund does not have a formal written policy with regards to custodial credit risk for investments.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

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

a. Credit Risk, Custodial Credit Risk, and Concentration Risk (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, 2010, 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>
American Beacon Large Cap Fund	\$ 661,878
Baron Small Cap Fund	219,069
DFA Real Estate Fund	161,085
DFA International Value Fund	146,472
Fidelity Advisor New Insights	723,615
First Eagle Overseas Fund	144,376
Royce Total Return Fund	224,531
Royce Premier Fund	208,842
RS Global Natural Resource A	96,412
T. Rowe Price International Discovery Fund	130,598
Vanguard Institutional Index Fund	1,044,947
William Blair International Growth Fund	155,705
	<hr/>
Total equity mutual funds	\$ <u>3,917,530</u>

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE D - PROPERTY TAXES

Property taxes for the 2009 tax year attach as an enforceable lien on January 1, 2009 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, 2010 and September 1, 2010. 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 2009 levy is intended to finance the fiscal year ended April 30, 2011, it has been offset by unearned revenue at April 30, 2010. The 2010 levy, which attached as an enforceable lien on property as of January 1, 2010, has not been recorded as a receivable as of April 30, 2010, as the tax has not yet been levied by the Village and will not be levied until December 2010; therefore, the levy is not measurable at April 30, 2010.

NOTE E - INTERFUND TRANSACTIONS

1. Due from/to Other Funds

	<u>Due from</u>	<u>Due to</u>
General		
General Obligation Bonds	\$ -	\$ 192,516
SSA Bond Proceeds	299,161	-
SSA Debt Service	5,241	-
Grant	266,137	-
Police Pension	-	14,592
Water and Sewer	-	219,572
Total General	<u>570,539</u>	<u>426,680</u>
Other governmental funds		
General Obligation Bonds - General	192,516	-
SSA Bond Proceeds - General	-	299,161
SSA Debt Service - General	-	5,241
SSA Bonds Proceeds - SSA Debt Service	30,373	-
SSA Debt Service - SSA Bonds Proceeds	-	30,373
Police Pension - General	14,592	-
Grant - General	-	266,137
Total governmental funds	<u>237,481</u>	<u>600,912</u>
Water and Sewer Fund	<u>219,572</u>	<u>-</u>

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE E - INTERFUND TRANSACTIONS (Continued)

	<u>Due from</u>	<u>Due to</u>
1. <u>Due from/to Other Funds</u>		
Total all Funds	\$ 1,027,592	\$ 1,027,592
Less amounts eliminated during GASB 34 conversion	<u>(808,020)</u>	<u>(808,020)</u>
Total Village internal balances	<u>\$ 219,572</u>	<u>\$ 219,572</u>
2. <u>Advances from/to Other Funds</u>		
	<u>Advances to</u>	<u>Advances from</u>
General - Motor Fuel Tax	\$ 1,913	\$ -
Motor Fuel Tax - General	<u>-</u>	<u>1,913</u>
Less amounts eliminated during GASB 34 conversion	<u>(1,913)</u>	<u>(1,913)</u>
Total Village advances from/to other funds	<u>\$ -</u>	<u>\$ -</u>
3. <u>Transfers from/to Other Funds</u>		
General - Emergency Telephone System	\$ 13,936	\$ -
Emergency Telephone System - Police Pension	23,238	-
Grant - General	421,614	-
SSA Bond Proceeds - General	403,989	-
SSA Bond Proceeds - SSA Debt Service	27,753	-
SSA Debt Service - SSA Bond Proceeds	2,620	-
Emergency Telephone System - General	-	(13,936)
General - Grant	-	(421,614)
General - SSA Bond Proceeds	-	(403,989)
SSA Debt Service - SSA Bond Proceeds	-	(30,373)
Police Pension - Emergency Telephone System	<u>-</u>	<u>(23,238)</u>
Less amounts eliminated during GASB 34 conversion	<u>(893,150)</u>	<u>893,150</u>
Total Village transfers from/to other funds	<u>\$ -</u>	<u>\$ -</u>

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2010 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	125,471	47,709	2,116,983
Land improvements	121,499	-	-	121,499
Infrastructure	8,842,071	165,074	-	9,007,145
Total capital assets, being depreciated	<u>17,098,672</u>	<u>290,545</u>	<u>47,709</u>	<u>17,341,508</u>
Less accumulated depreciation for				
Buildings	831,530	127,399	-	958,929
Machinery and equipment	1,472,138	103,228	47,709	1,527,657
Land improvements	88,475	3,980	-	92,455
Infrastructure	3,307,969	150,407	-	3,458,376
Total accumulated depreciation	<u>5,700,112</u>	<u>385,014</u>	<u>47,709</u>	<u>6,037,417</u>
Total capital assets, being depreciated, net	<u>11,398,560</u>	<u>(94,469)</u>	<u>-</u>	<u>11,304,091</u>
Governmental activities capital assets, net	<u>\$ 12,027,988</u>	<u>\$ (94,469)</u>	<u>\$ -</u>	<u>\$ 11,933,519</u>

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE F - CAPITAL ASSETS (Continued)

2. Business-Type Activities

	Beginning Balance	Increases	Disposals	Ending Balance
Capital assets, being depreciated				
Machinery and equipment	\$ 203,790	\$ -	\$ 18,103	\$ 185,687
Land improvements	34,700	-	-	34,700
Infrastructure	3,614,529	-	-	3,614,529
Total capital assets being depreciated	3,853,019	-	18,103	3,834,916
Less accumulated depreciation for				
Machinery and equipment	122,688	13,182	18,103	117,767
Land improvements	34,124	576	-	34,700
Infrastructure	2,108,099	52,529	-	2,160,628
Total accumulated depreciation	2,264,911	66,287	18,103	2,313,095
Business-type activities capital assets, net	\$ <u>1,588,108</u>	\$ <u>(66,287)</u>	\$ <u>-</u>	\$ <u>1,521,821</u>

3. Depreciation Expense

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

Governmental activities:

General government	\$ 92,396
Public safety	104,348
Public works, streets, and lighting	188,270
	<u>\$ 385,014</u>

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

NOTE F - CAPITAL ASSETS (Continued)

3. Depreciation Expense (Continued)

Business – type activities:

Water and sewer	\$ <u>66,287</u>
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NOTE G - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors 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 a monthly 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 liability balances and transactions for the year ended April 30, 2010:

	<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	\$ -	\$ 255,000	\$ 2,895,000	\$ 270,000
Series 2006A	375,000	-	120,000	255,000	125,000
Series 2006B	<u>2,510,000</u>	<u>-</u>	<u>-</u>	<u>2,510,000</u>	<u>-</u>
Total general obligation bonds	<u>6,035,000</u>	<u>-</u>	<u>375,000</u>	<u>5,660,000</u>	<u>395,000</u>

(Continued)

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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)					
Installment note	\$ 657,970	\$ -	\$ 243,808	\$ 414,162	\$ 235,389
Net pension obligation	737,056	138,521	-	875,577	-
Compensated absences payable	804,564	-	84,013	720,551	-
Capital lease obligation (Note I)	-	27,579	5,516	22,063	5,516
Total governmental long-term liabilities	<u>\$ 8,234,590</u>	<u>\$ 166,100</u>	<u>\$ 708,337</u>	<u>\$ 7,692,353</u>	<u>\$ 635,905</u>
<u>Business-type activities</u>					
Capital lease	<u>\$ 26,662</u>	<u>\$ -</u>	<u>\$ 12,908</u>	<u>\$ 13,754</u>	<u>\$ 13,754</u>

2. Long-Term Debt - Terms and Maturities

General obligation bonds payable at April 30, 2010 are 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 on June 1, 2004.	\$ 2,895,000
\$490,000 Series 2006A general obligation bonds payable in annual installments ranging from \$115,000 to \$130,000 commencing on December 1, 2008 and payable through December 1, 2011; interest is payable semiannually at rates ranging from 3.75% to 3.88% commencing on December 1, 2006.	255,000

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE H- LONG-TERM LIABILITIES (Continued)

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

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

\$ 2,510,000

Total general obligations bonds payable

\$ 5,660,000

The installment note payable at April 30, 2010 is as follows:

\$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%.

\$ 414,162

The annual requirements to retire the general obligation bonds and installment note outstanding as of April 30, 2010 are as follows:

Year Ending April 30,	General Obligation Bonds Payable			Installment Note	
	Principal	Interest	Total	Principal	Interest
2011	\$ 395,000	\$ 213,084	\$ 608,084	\$ 235,389	\$ 17,437
2012	410,000	199,521	609,521	178,773	3,693
2013	425,000	185,378	610,378		
2014	445,000	170,282	615,282	-	-
2015	465,000	154,338	619,338	-	-
2016-2020	2,255,000	500,308	2,755,308	-	-
2021-2025	1,030,000	184,060	1,214,060	-	-
2026	235,000	9,988	244,988	-	-
	<u>\$ 5,660,000</u>	<u>\$ 1,616,959</u>	<u>\$ 7,276,959</u>	<u>\$ 414,162</u>	<u>\$ 21,130</u>

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE H- LONG-TERM LIABILITIES (Continued)

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.

NOTE I - CAPITAL LEASE OBLIGATION

At April 30, 2010, the Village is obligated for future payments under a noncancellable equipment lease as follows:

Year Ending April 30,	Capital Lease Governmental Activities		Capital Lease Business-Type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 5,516	\$ 1,276	\$ 13,754	\$ 901
2012	5,516	988	-	-
2013	5,516	6,680	-	-
2014	5,515	351	-	-
	<u>\$ 22,063</u>	<u>\$ 9,295</u>	<u>\$ 13,754</u>	<u>\$ 901</u>

The cost of the capital assets acquired through capital lease is \$92,381, with accumulated depreciation and depreciation expense of \$22,199 and \$18,698, respectively, at April 30, 2010.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE J - DEFINED BENEFIT PENSION PLANS

1. Illinois Municipal Retirement Fund

a. Plan Description

The Village's defined benefit pension plan for regular employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The Village plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent, multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

b. Funding Policy

As set by state statute, the Village's regular plan members are required to contribute 4.5 percent of their annual covered salary. The statute requires the Village to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2009 was 7.13 percent of annual covered payroll. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by state statute.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE J - DEFINED BENEFIT PENSION PLANS (Continued)

1. Illinois Municipal Retirement Fund (Continued)

c. Annual Pension Cost

For 2009, the Village's annual pension cost of \$71,684 for the regular plan was equal to the Village's required and actual contributions.

Trend Information			
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/09	\$ 71,684	100%	\$ -
12/31/08	80,418	100%	-
12/31/07	99,474	100%	-

The required contribution for 2009 was determined as part of the December 31, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007 included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10 percent per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3 percent annually. The actuarial value of the Village's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15 percent corridor between the actuarial and market value of assets. The Village's regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007 was 23 years.

d. Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the regular plan was 72 percent funded. The actuarial accrued liability for benefits was \$1,969,763 and the actuarial value of assets was \$1,418,160, resulting in an underfunded actuarial accrued liability (UAAL) of \$551,603. The covered payroll (annual payroll of active employees covered by the plan) was \$1,005,380 and the ratio of the UAAL to the covered payroll was 55 percent.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE J - DEFINED BENEFIT PENSION PLANS (Continued)

1. Illinois Municipal Retirement Fund (Continued)

d. Funded Status and Funding Progress (Continued)

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 April 30, 2009, 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	27
	<hr/>
Total plan membership	39
	<hr/> <hr/>

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.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE J - DEFINED BENEFIT PENSION PLANS (Continued)

2. Police Pension Plan (Continued)

a. Plan Description (Continued)

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.

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 relationships 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.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE J - DEFINED BENEFIT PENSION PLANS (Continued)

2. Police Pension Plan (Continued)

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

i. Reporting Entity (continued)

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.

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.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE J - DEFINED BENEFIT PENSION PLANS (Continued)

2. Police Pension Plan (Continued)

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

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

Police Pension Fund receivables consist of all revenues earned at year-end and not yet received. The major receivable balances for the Police Pension Fund is accrued interest from cash and investments.

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, 2009 was \$1,898,391 out of a total payroll of \$3,433,677.

For the year ended April 30, 2010, the Village's annual pension cost was \$564,045. Actual contributions made by the Village were \$431,147. 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 28 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 range of 3.6% through 7.4% compounded annually including a 2.5% inflation factor, and cost-of-living adjustments of 3.0%, compounded annually.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE J - DEFINED BENEFIT PENSION PLANS (Continued)

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

c. **Funding Policy and Annual Pension Cost** (continued)

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, 2009) and are as follows:

Annual required contribution	\$ 514,990
Interest on net pension obligation	<u>49,055</u>
Annual pension cost	564,045
Contributions made	<u>(431,147)</u>
Increase in net pension obligation	132,898
Net pension obligation as of May 1, 2009	<u>737,056</u>
Net pension obligation as of April 30, 2010	<u><u>\$ 869,954</u></u>

d. **Three-Year Trend Information**

<u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
4/30/10	\$ 514,990	83.72%	\$ 869,954
4/30/09	542,423	94.82%	737,056
4/30/08	470,168	85.58%	659,505

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE J - DEFINED BENEFIT PENSION PLANS (Continued)

2. Police Pension Plan (Continued)

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, 2010 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.

NOTE K - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Village administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides the ability for retirees and their spouses to access the Village's group health insurance plan during retirement, provided they are on the group health insurance plan at the time of retirement, until the age of 65. Retirees may be responsible to contribute a portion of the premium toward the cost of their insurance. Retirees may also access dental benefits on a "direct pay" basis. For 2010, a total of 2 former employees or spouses accessed a postemployment benefit through the Village.

Funding Policy

Retirees have the option of choosing from an HMO or PPO plan through the Village. The Village contributes a percentage of the health insurance premium in accordance with applicable board policy in force at the time of retirement. For fiscal year 2010, the Village contributed \$13,721 toward the cost of the postemployment benefits for retirees.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE K - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

The Village's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation to the Retiree Health Plan:

	<u>June 30,</u> <u>2010</u>
Annual required contribution	\$ 19,344
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	19,344
Contributions made	<u>(13,721)</u>
Increase in net OPEB obligation	5,623
Net OPEB obligation beginning of year	<u>-</u>
Net OPEB obligation end of year	<u>\$ 5,623</u>

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE K - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 and the two preceding fiscal years were as follows:

<u>Actuarial Valuation Date</u>	<u>Annual OPEB Cost</u>	<u>Percentage Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
4/30/10	\$ 19,344	70.9%	\$ 5,623
4/30/09	N/A	N/A	N/A
4/30/08	N/A	N/A	N/A

N/A - not available

Funding Status and Funding Progress

As of April 30, 2010, the actuarial accrued liability for benefits was \$0. The covered payroll (annual payroll of active employees covered by the plan) and the ratio of the unfunded actuarial accrued liability to the covered payroll were not available.

The projection of future benefit payments for an ongoing plan involved estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE K - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Methods and Assumptions

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

The following simplifying assumptions were made:

Contribution rates:		
Village		N/A
Plan members		0.00%
Actuarial valuation date		4/30/2010
Actuarial cost method		Entry age
Amortization period	Level percentage of pay, open	
Remaining amortization period		30 years
Asset valuation method		Market
Actuarial assumptions:		
Investment rate of return*		5.00%
Projected salary increases		5.00%
Healthcare inflation rate		8.00% initial 6.00% ultimate
Mortality, Turnover, Disability, Ages	Retirement	Same rates utilized for IMRF and Police Pension Funds

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE K - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Methods and Assumptions (Continued)

Percentage of active employees assumed to elect benefit	20%
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Employer provided benefit	Explicit (eligible disabled pensioners): 100% of premium for life
	Implicit: 40% of premium to age 65 (50% of \$345/mo + 50% of \$681/mo)

*Includes inflation at 3.00%

NOTE L - 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.

NOTE M - SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 27, 2011, the date that these financial statements were available to be issued. Management has determined that no events or transactions, other than those events noted below, have occurred subsequent to the balance sheet date that require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Village of Harwood Heights, Illinois

Police Pension Fund

SCHEDULE OF FUNDING PROGRESS

April 30, 2010

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued 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)
2010	4/30/09	\$ 13,738,504	\$ 16,276,113	\$ 2,537,609	84.41 %	\$ 1,898,391	133.67 %
2009	4/30/08	12,349,488	17,625,339	5,275,851	70.07	1,884,359	279.98
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

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, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/09	\$ 1,418,160	\$ 1,969,763	\$ 551,603	72.0 %	\$ 1,005,380	54.9 %
12/31/08	1,197,584	1,789,101	591,517	66.9	1,052,595	56.2
12/31/07	2,250,565	2,016,120	(234,445)	111.6	1,167,531	0.0

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$1,335,430. On a market basis, the funded ratio would be 67.80%

Village of Harwood Heights, Illinois

Other Postemployment Benefits

SCHEDULE OF FUNDING PROGRESS

April 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
04/30/10	\$ -	\$ 399,518	\$ 399,518	0.0 %	\$ N/A	N/A %
04/30/09	N/A	N/A	N/A	N/A	N/A	N/A
04/30/08	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not Available.

The Village implemented GASB 45 in its fiscal year ended April 30, 2010. April 30, 2010 was the most recent actuarial valuation date.

Village of Harwood Heights, Illinois
Police Pension Fund
SCHEDULE OF EMPLOYER CONTRIBUTIONS
April 30, 2010

<u>Year Ended April 30</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2010	\$ 431,147	\$ 514,990	83.72 %	\$ 869,954
2009	514,335	542,423	94.82	737,056
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

Village of Harwood Heights, Illinois**General Fund****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended April 30, 2010**

	Original and Final Budget	Actual	Variance Over / (Under)
Revenues			
Taxes	\$ 3,604,200	\$ 2,830,032	\$ (774,168)
Intergovernmental	2,946,233	2,211,456	(734,777)
Licenses and permits	379,200	281,826	(97,374)
Fines	940,000	650,526	(289,474)
Charges for services	71,500	102,902	31,402
Investment income	10,000	1,081	(8,919)
Miscellaneous	842,000	430,181	(411,819)
Total revenues	8,793,133	6,508,004	(2,285,129)
Expenditures			
Current			
General government	2,035,896	1,632,449	(403,447)
Public safety	4,087,953	3,966,298	(121,655)
Public works	888,580	525,617	(362,963)
Debt service (installment note)			
Principal	229,787	243,808	14,021
Interest	43,913	29,892	(14,021)
Grants	664,015	100,106	(563,909)
Capital outlay	171,002	310,377	139,375
Total expenditures	8,121,146	6,808,547	(1,312,599)
Other financing sources (uses)			
Transfer (out)	-	(13,936)	(13,936)
Transfer in	-	825,603	825,603
Total other financing sources (uses)	-	811,667	811,667
Net change in fund balance	\$ <u>671,987</u>	511,124	\$ <u>(160,863)</u>
Fund balance			
Beginning of year		930,138	
End of year		\$ <u>1,441,262</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, 2010

	Original and Final Budget	Actual	Variance Over / (Under)
Revenues			
Intergovernmental			
State of Illinois motor fuel tax	\$ 240,000	\$ 209,392	\$ (30,608)
Miscellaneous	-	17,172	17,172
Investment income	5,000	730	(4,270)
Total revenues	245,000	227,294	(17,706)
Expenditures			
Public works			
Streets and lighting			
Maintenance and alleys	100,000	7,975	(92,025)
Salt	25,000	18,513	(6,487)
Street patch	7,000	-	(7,000)
Street repair projects	100,000	2,927	(97,073)
Total public works	232,000	29,415	(202,585)
Oak Park water main CDBG match	15,000	-	(15,000)
Octavia/Oconto project	117,800	-	(117,800)
Octavia/Oconto (CDBG Match)	32,500	-	(32,500)
Loan repayment to General Fund	276,118	276,118	-
Total expenditures	673,418	305,533	(367,885)
Deficiency of revenues over expenditures	(428,418)	(78,239)	350,179
Other financing sources (uses)			
Transfer out	(460,878)	-	460,878
Net change in fund balance	\$ (889,296)	(78,239)	\$ 811,057
Fund balance			
Beginning of year		361,844	
End of year		\$ 283,605	

Village of Harwood Heights, Illinois
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2010

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, General Obligation Bond Funds, Special Service Area Bond Proceeds Fund, Special Service Area Debt Service Fund and the Water and Sewer Fund. The Village does not prepare a budget for the Criminal Investigation Fund, or the Grant Fund. The annual appropriations lapse at fiscal year-end. There were no amendments to the fiscal year 2010 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, 2010 is taken by the Village Board before July 31, 2009.
5. The Board may subsequently transfer appropriated amounts to other appropriations, but may 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.

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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.

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
General Fund
SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL
Year Ended April 30, 2010

	Original and Final Budget	Actual	Variance Over / (Under)
Revenues			
Taxes			
Property			
General	\$ 1,000,000	\$ 855,244	\$ (144,756)
Police pension	458,000	447,471	(10,529)
Total property taxes	1,458,000	1,302,715	(155,285)
Other taxes			
Home rule sales tax	925,000	662,617	(262,383)
Video rental tax	30,000	28,967	(1,033)
Utility	600,000	382,199	(217,801)
Telecommunications	265,000	237,492	(27,508)
Pull tab	1,200	1,125	(75)
Gas tax	-	16,564	16,564
Real estate transfer tax	325,000	198,353	(126,647)
Total other taxes	2,146,200	1,527,317	(618,883)
Total taxes	3,604,200	2,830,032	(774,168)
Intergovernmental revenues			
Taxes			
Personal property replacement tax	10,000	6,180	(3,820)
Sales tax	1,100,000	865,495	(234,505)
State income tax	750,000	658,980	(91,020)
State local use tax	120,000	90,318	(29,682)
MFT tax transfers	276,118	276,118	-
Roads and bridges	26,000	26,186	186
Photo finishing tax	100	-	(100)
Grants			
State grant: sidewalk and curbs	100,000	-	(100,000)
Transfer to grant	-	975	975
Police cameras	7,500	10,000	2,500
Car printers	8,000	-	(8,000)
Bullet-proof vests	5,800	10,000	4,200
CDBG - Octavia and Oconto	100,000	-	(100,000)
CDBG Grant - Oak Park	65,000	-	(65,000)
IDOT bus	57,714	-	(57,714)
FAA grant	320,000	-	(320,000)
Grants: Federal COPS	1	267,204	267,203
Total intergovernmental revenues	2,946,233	2,211,456	(734,777)

(Continued)

Village of Harwood Heights, Illinois

General Fund

SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL (Continued)

Year Ended April 30, 2010

	Original and Final Budget	Actual	Variance Over / (Under)
Revenues (continued)			
Licenses and permits			
Business licenses	\$ 80,000	\$ 79,632	\$ (368)
Liquor licenses	50,000	32,390	(17,610)
Overweight truck permits	1,000	-	(1,000)
Building permits	75,000	24,231	(50,769)
Sewer permits	10,000	1,745	(8,255)
Plumbing permits	10,000	4,485	(5,515)
Electrical permits	22,000	7,589	(14,411)
Sign permits	2,000	170	(1,830)
Elevator inspections	3,000	2,150	(850)
Building inspections	20,000	7,050	(12,950)
Fence permits	1,000	600	(400)
Franchise fees	45,000	58,216	13,216
Dog tags	200	222	22
Vehicle licenses	60,000	63,346	3,346
Total licenses and permits	379,200	281,826	(97,374)
Fines			
Code enforcement fines	25,000	1,778	(23,222)
Traffic	230,000	182,901	(47,099)
Overweight trucks	45,000	58,820	13,820
Red speed	336,000	196,730	(139,270)
Parking tickets	200,000	133,359	(66,641)
Driving under the influence (DUI)	4,000	3,358	(642)
Vehicle impound fees	100,000	73,580	(26,420)
Total fines	940,000	650,526	(289,474)
Charges for services			
Youth program fees	16,500	39,686	23,186
Hearing fees	2,000	1,750	(250)
Village Hearing Office	30,000	-	(30,000)
Escrow bond forfeiture	1,000	59,768	58,768
Police reports	2,000	1,298	(702)
Rental	5,500	-	(5,500)

(Continued)

Village of Harwood Heights, Illinois

General Fund

SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL (Continued)

Year Ended April 30, 2010

	Original and Final Budget	Actual	Variance Over / (Under)
Revenues (continued)			
Charges for services (continued)			
Security camera donation	\$ 10,000	\$ -	\$ (10,000)
False alarm fees	4,500	400	(4,100)
Total charges for services	71,500	102,902	31,402
Investment income			
Interest	10,000	1,081	(8,919)
Miscellaneous revenues			
Reimbursements			
Workers' compensation	15,000	11,027	(3,973)
Maintenance staff	220,000	-	(220,000)
Office staff	110,000	-	(110,000)
Administrative staff	81,500	-	(81,500)
Insurance	12,500	120,028	107,528
Personnel	25,000	16,340	(8,660)
Police	-	20,466	20,466
Development fees	20,000	-	(20,000)
Plan review	2,000	-	(2,000)
Transfer from fund balance	-	-	-
Land and equipment sales	300,000	-	(300,000)
AT&T infrastructure maintenance	10,000	12,000	2,000
Garbage fee	-	60,717	60,717
Recoveries	-	120,162	120,162
Vacant properties	36,000	-	(36,000)
Other miscellaneous	10,000	69,441	59,441
Total miscellaneous revenues	842,000	430,181	(411,819)
Total revenues	\$ 8,793,133	\$ 6,508,004	\$ (2,285,129)

(Concluded)

Village of Harwood Heights, Illinois
General Fund
SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL
Year Ended April 30, 2010

	Original and Final Budget	Actual	Variance Over / (Under)
Expenditures			
General government			
General management and support			
General administration	\$ 332,781	\$ 78,013	\$ (254,768)
Law department	103,351	172,840	69,489
Finance	581,500	606,783	25,283
Building	119,501	98,489	(21,012)
Total general management and support	1,137,133	956,125	(181,008)
Recreation and cultural opportunities	181,852	141,384	(40,468)
Health	516,911	503,960	(12,951)
Budget contingencies	200,000	30,980	(169,020)
Total general government	2,035,896	1,632,449	(403,447)
Public safety			
Police	4,087,953	3,966,298	(121,655)
Public works			
Forestry	40,000	43,855	3,855
Streets and lights	847,830	481,762	(366,068)
Truck weight regulation	750	-	(750)
Total public works	888,580	525,617	(362,963)

(Continued)

Village of Harwood Heights, Illinois

General Fund

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)

Year Ended April 30, 2010

	Original and Final Budget	Actual	Variance Over / (Under)
Expenditures (continued)			
Debt service (installment note)			
Principal	\$ 229,787	\$ 243,808	\$ 14,021
Interest and fiscal charges	43,913	29,892	(14,021)
Total debt service	273,700	273,700	-
Capital outlay			
Village properties	171,002	310,377	139,375
Grants			
Village properties	485,000	100,106	(384,894)
Police	21,301	-	(21,301)
Recreation	57,714	-	(57,714)
Public Works	100,000	-	(100,000)
Total grants	664,015	100,106	(563,909)
Total expenditures	\$ 8,121,146	\$ 6,808,547	\$ (1,312,599)

(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, 2010

	Original and Final Budget	Actual	Variance Over / (Under)
Revenues			
SSA tax receipts	\$ 300,000	\$ -	\$ (300,000)
Investment income	3,500	4,871	1,371
Total revenues	303,500	4,871	(298,629)
Expenditures			
Total expenditures	-	-	-
Other financing sources (uses)			
Transfers (out)	-	(431,742)	(431,742)
Total other financing sources (uses)	-	(431,742)	(431,742)
Net change in fund balance	\$ 303,500	(426,871)	\$ (730,371)
Fund balance			
Beginning of year		426,871	
End of year		\$ -	

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 projects fund and is used to account for the use of resources provided by other governmental agencies for specific public works or capital improvements.

The Special Service Area (SSA) Debt Service Fund is a debt service fund used to account for the resources accumulated and payments made for principal and interest on long-term special service area debt.

Village of Harwood Heights, Illinois

Nonmajor Governmental Funds COMBINING BALANCE SHEET Year Ended April 30, 2010

	<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>SSA Debt Service</u>	
ASSETS					
Cash and cash equivalents	\$ 73,554	\$ 8,767	\$ 268,457	\$ 222,467	\$ 573,245
Receivables					
Other	2,925	-	-	1,136	4,061
Due from					
Other funds	-	-	-	30,373	30,373
Total assets	<u>\$ 76,479</u>	<u>\$ 8,767</u>	<u>\$ 268,457</u>	<u>\$ 253,976</u>	<u>\$ 607,679</u>
LIABILITIES					
Accounts payable	\$ -	\$ 2,032	\$ -	\$ -	\$ 2,032
Due to other funds	-	-	266,137	5,241	271,378
Total liabilities	-	2,032	266,137	5,241	273,410
FUND BALANCE					
Reserved for					
Debt service	-	-	2,320	248,735	251,055
Public safety	76,479	6,735	-	-	83,214
Total fund balance	<u>76,479</u>	<u>6,735</u>	<u>2,320</u>	<u>248,735</u>	<u>334,269</u>
Total liabilities and fund balances	<u>\$ 76,479</u>	<u>\$ 8,767</u>	<u>\$ 268,457</u>	<u>\$ 253,976</u>	<u>\$ 607,679</u>

Village of Harwood Heights, Illinois
Nonmajor Governmental Funds
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
Year Ended April 30, 2010

	<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>SSA Debt Service</u>	
Revenues					
Taxes	\$ 127,388	\$ -	\$ -	\$ 288,037	\$ 415,425
Charges for services	-	20,363	-	-	20,363
Intergovernmental	-	-	6,687	-	6,687
Miscellaneous	-	-	15,519	-	15,519
Investment income	176	17	201	2,971	3,365
Total revenues	<u>127,564</u>	<u>20,380</u>	<u>22,407</u>	<u>291,008</u>	<u>461,359</u>
Expenditures					
Current					
Public safety	90,533	31,753	-	-	122,286
Capital outlay	345	-	-	-	345
Miscellaneous	-	21	52,276	2,720	55,017
Debt service					
Principal	-	-	-	120,000	120,000
Interest	-	-	-	124,470	124,470
Total expenditures	<u>90,878</u>	<u>31,774</u>	<u>52,276</u>	<u>247,190</u>	<u>422,118</u>
Other financing sources (uses)					
Transfer (out)	(23,238)	-	(421,614)	(2,620)	(447,472)
Transfer in	13,936	-	-	30,373	44,309
Total other financing sources (uses)	<u>(9,302)</u>	<u>-</u>	<u>(421,614)</u>	<u>27,753</u>	<u>(403,163)</u>
Net change in fund balance	<u>27,384</u>	<u>(11,394)</u>	<u>(451,483)</u>	<u>71,571</u>	<u>(363,922)</u>
Fund balance					
Beginning of year	<u>49,095</u>	<u>18,129</u>	<u>453,803</u>	<u>177,164</u>	<u>698,191</u>
End of year	<u>\$ 76,479</u>	<u>\$ 6,735</u>	<u>\$ 2,320</u>	<u>\$ 248,735</u>	<u>\$ 334,269</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, 2010

	Original and Final Budget	Actual	Variance Over / (Under)
Revenues			
Taxes			
911 tax	\$ 129,000	\$ 127,388	\$ (1,612)
Investment income	1,000	176	(824)
Total revenues	130,000	127,564	(2,436)
Expenditures			
Public safety			
Telephone	17,000	17,992	992
Seminars and conferences	1,700	961	(739)
Maintenance	-	164	164
Bank fees	250	272	22
Service contracts	65,000	59,166	(5,834)
L.E.A.D.S. access	14,000	-	(14,000)
Miscellaneous	100	11,642	11,542
Dues and subscriptions	250	336	86
Total public safety	98,300	90,533	(7,767)
Capital outlay			
Other equipment	30,000	345	(29,655)
Total expenditures	128,300	90,878	(37,422)
Other financing sources (uses)			
Transfer (out)	-	(23,238)	(23,238)
Transfer in	-	13,936	13,936
Total other financing sources (uses)	-	(9,302)	(9,302)
Net change in fund balance	\$ 1,700	27,384	\$ 25,684
Fund balance			
Beginning of year		49,095	
End of year		\$ 76,479	

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, 2010

	Original and Final Budget	Actual	Variance Over / (Under)
Operating revenues			
Charges for sales and services			
Water sales	\$ 900,000	\$ 986,698	\$ 86,698
Sewer fees	250,000	242,097	(7,903)
Water taps	7,500	-	(7,500)
Meter sales	22,000	14,450	(7,550)
Water miscellaneous	5,000	401	(4,599)
Total charges for sales and services	1,184,500	1,243,646	59,146
Penalties	25,000	1,081	(23,919)
Total operating revenues	1,209,500	1,244,727	35,227
Nonoperating revenues			
Antenna leasing	27,000	27,978	978
Interest income	20,000	898	(19,102)
Cash over/short	100	-	(100)
Transfer from Water Fund	731,472	-	(731,472)
Total nonoperating revenues	778,572	28,876	(749,696)
Total revenues	\$ 1,988,072	\$ 1,273,603	\$ (714,469)

Village of Harwood Heights, Illinois
Water and Sewer Fund
SCHEDULE OF DETAILED EXPENSES - BUDGET AND ACTUAL
Year Ended April 30, 2010

	Original and Final Budget	Actual	Variance Over / (Under)
Operating expenses			
Personal services			
Water Commissioner	\$ 6,600	\$ 6,600	\$ -
Collector	-	975	975
Meter reading	14,000	14,527	527
Services - maintenance men	220,000	220,000	-
Services - office clerks	110,000	110,000	-
Services - administration	81,500	-	(81,500)
Security	4,000	4,410	410
Fica taxes	1,576	1,679	103
Unemployment tax	392	245	(147)
Total personal services	438,068	358,436	(79,632)
Commodities			
Office supplies	3,000	-	(3,000)
Building maintenance supplies	1,000	918	(82)
Vehicle gas and oil	12,000	7,873	(4,127)
Purchase of water	450,000	560,889	110,889
Electric power and gas	30,000	-	(30,000)
Chlorine	1,000	838	(162)
Pump room supplies	1,000	244	(756)
Outside maintenance supplies	10,000	5,560	(4,440)
Hydrant parts	2,000	803	(1,197)
New meter purchases	20,000	9,061	(10,939)
Uniforms	1,500	170	(1,330)
Water supplies - miscellaneous	1,000	1,049	49
Total commodities	532,500	587,405	54,905

(Continued)

Village of Harwood Heights, Illinois

Water and Sewer Fund

SCHEDULE OF DETAILED EXPENSES - BUDGET AND ACTUAL (Continued)

Year Ended April 30, 2010

	Original and Final Budget	Actual	Variance Over / (Under)
Operating expenses (continued)			
Other services			
City of Chicago sewer fees	\$ 150,500	\$ 151,903	\$ 1,403
Insurance - workers' compensation	9,000	-	(9,000)
Telephone	5,000	4,319	(681)
Postage	5,000	7,912	2,912
Legal fees	10,000	15,000	5,000
Water engineering fees	242,000	15,994	(226,006)
Water testing	7,000	4,796	(2,204)
Bank charges	-	81	81
Dues, lectures, and conference fees	1,500	1,325	(175)
Auditing	5,000	6,121	1,121
Computer service	3,000	8,288	5,288
Street, sidewalk, and parkway repair	10,000	6,070	(3,930)
Main testing and maintenance	3,000	7,122	4,122
Office equipment maintenance	1,000	69	(931)
Buildings and grounds maintenance	2,000	-	(2,000)
Reservoir and tower maintenance	13,000	2,066	(10,934)
Equipment maintenance	5,000	3,993	(1,007)
Vehicle repair and maintenance	13,000	10,694	(2,306)
Outside service - breaks	500	437	(63)
Outside service - taps	2,500	-	(2,500)
Water service - miscellaneous	500	(12)	(512)
Sewer maintenance and repair	9,000	3,572	(5,428)
Single family flood relief grant	10,000	7,500	(2,500)
Insurance - property, liability, and auto	25,000	-	(25,000)
Fire hydrant installation	3,000	-	(3,000)
Total other services	<u>535,500</u>	<u>257,250</u>	<u>(278,250)</u>

(Continued)

Village of Harwood Heights, Illinois
Water and Sewer Fund
SCHEDULE OF DETAILED EXPENSES - BUDGET AND ACTUAL
Year Ended April 30, 2010

	<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	\$ -	\$ (1,000)
Building improvements	1,000	8	(992)
Vehicles	1	-	(1)
Other equipment purchases	1	1,747	1,746
Pump room equipment	15,000	3,336	(11,664)
Water main capital improvement - oak park	465,000	-	(465,000)
Wilson Avenue water main	1	-	(1)
Total capital outlay	<u>482,003</u>	<u>5,091</u>	<u>(476,912)</u>
Bad debt expense	-	-	-
Depreciation	<u>1</u>	<u>66,287</u>	<u>66,286</u>
Total operating expenses	<u>\$ 1,988,072</u>	<u>\$ 1,274,469</u>	<u>\$ (713,603)</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 Funds
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
Year Ended April 30, 2010

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balances</u>
ASSETS				
Cash	\$ 49,163	\$ -	\$ (24,738)	\$ 24,425
Short-term investments	73,000	733	-	73,733
Receivables				
Special assessments	<u>3,147</u>	<u>-</u>	<u>-</u>	<u>3,147</u>
Total assets	\$ <u>125,310</u>	\$ <u>733</u>	\$ <u>(24,738)</u>	\$ <u>101,305</u>
LIABILITIES				
Due to other funds	\$ 24,948	\$ -	\$ (24,948)	\$ -
Due to property owners	<u>100,362</u>	<u>943</u>	<u>-</u>	<u>101,305</u>
Total liabilities	\$ <u>125,310</u>	\$ <u>943</u>	\$ <u>(24,948)</u>	\$ <u>101,305</u>