

**The Village of
Harwood Heights, Illinois**

Annual Financial Report

Year Ended April 30, 2013

Village of Harwood Heights, Illinois
ANNUAL FINANCIAL REPORT
Year Ended April 30, 2013

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INTRODUCTORY SECTION

Village of Harwood Heights

PRINCIPAL OFFICIALS

Year Ended April 30, 2013

Arlene Jeziorny, Mayor

Marcia Pollowy, Village Clerk

Joseph Russo, Treasurer

Board of Trustees

Lawerence Steiner

Lester Szlendak

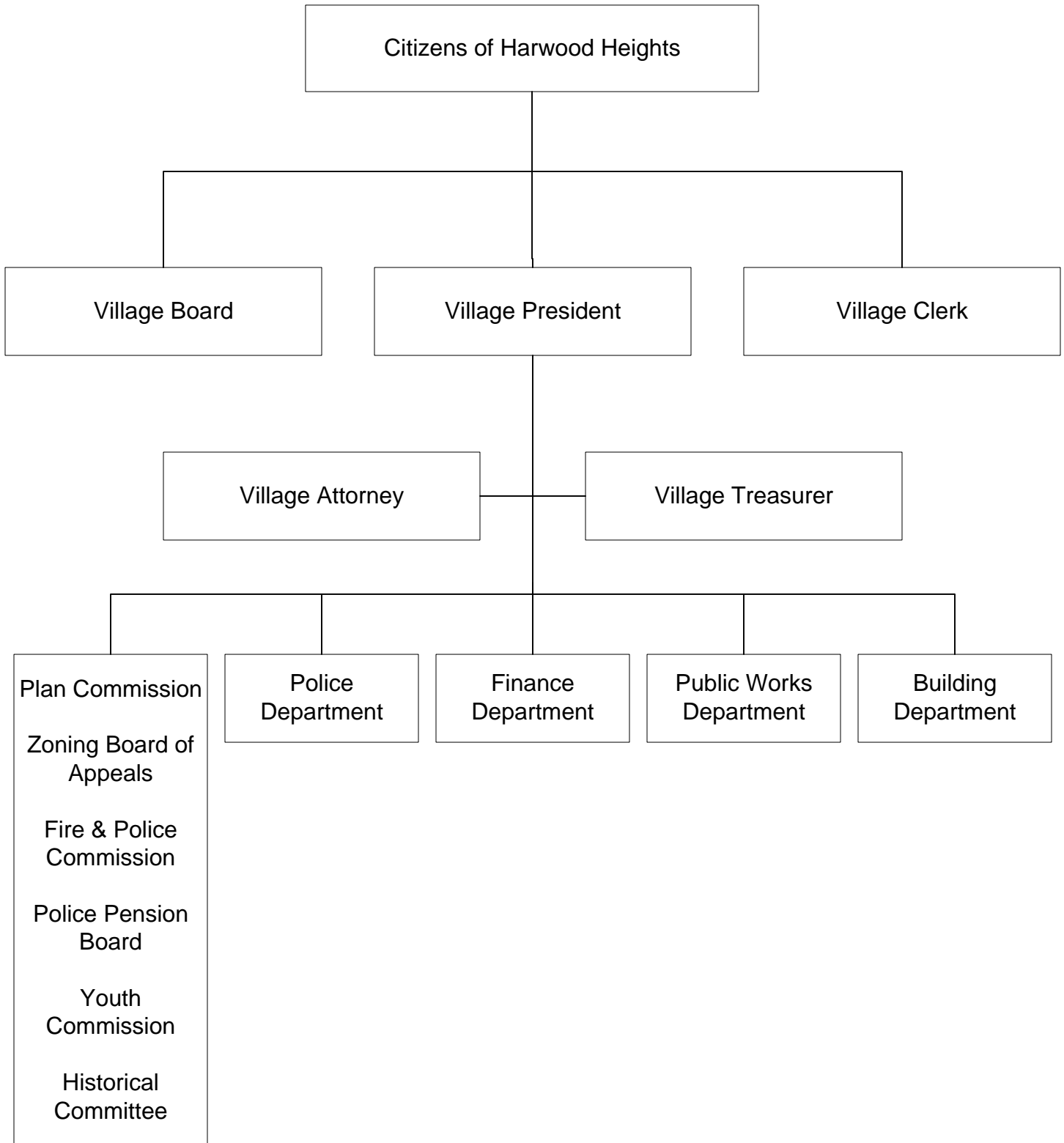
Michael Gadzinski

Mark Dobrzycki

Annette Brezniak-Volpe

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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, which represents ninety-nine percent of the assets, net position and revenues of the fiduciary funds. Those statements were audited by an other auditor whose reports have been furnished to us, and, our opinion, insofar as it relates to the amounts included for the Police Pension Fund, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Auditors' Responsibility (Continued)

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Harwood Heights, Illinois, as of April 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note M to the basic financial statements, the fund balance of the General Fund, as of May 1, 2012, has been restated as a result of recording an additional liability.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, the Illinois Municipal Retirement Fund historical data on page 68, Police Pension Fund historical data on page 67, other postemployment benefits data on page 69, and budgetary comparison schedules and notes to required supplementary information on pages 71 through 75 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The other schedules listed in the table of contents in the introductory section, the supplementary information and other supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Supplemental Information and introductory sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2014 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Villages' internal control over financial reporting and compliance.

MILLER, COOPER & CO., LTD.



Certified Public Accountants

Deerfield, Illinois
April 3, 2014

Village of Harwood Heights, Illinois
Management's Discussion and Analysis
April 30, 2013

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements of the Village of Harwood Heights focus on both the Village as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major funds) allow the user to address relevant issues, broaden a basis for comparison, and enhance the Village's accountability.

Government-Wide Financial Statements

The government-wide financial statements are designed to emulate the corporate sector in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The focus of the Statement of Net Position is designed to be similar to bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates the governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services.

The governmental activities reflect the Village's core services. Shared state revenues (income, use, and replacement taxes) and other tax revenue from sales (municipal and home rule), local utility, real estate transfer, etc., finance the majority of these services. The business-type activities reflect private sector type operations (water and sewer), where the fees for services typically are intended to cover all or most of the cost of operations, including depreciation.

Village of Harwood Heights, Illinois
Management's Discussion and Analysis
April 30, 2013

FUND FINANCIAL STATEMENTS

Traditional users of governmental financial statements will find the fund financial statements presentation to be more familiar. The focus is on major funds, rather than fund types. The Village uses fund accounting, like other state or local government entities. The Village has three groups of funds: governmental, proprietary and fiduciary. Brief explanations of these funds are provided below.

Governmental Funds

The governmental major funds are presented on a sources and uses of current resources basis. This is the manner in which the budget is typically developed. The flow and availability of current resources is a clear and appropriate focus of any analysis of a government. Governmental funds are used to account for the general governmental revenues and expenditures of the Village. The General Fund is the main operating account of the Village and the largest of the governmental funds. Governmental funds use the flow of current financial resources measurement focus at the fund financial statement level. The current financial resources measurement focus uses the modified accrual basis of accounting. Therefore, following the balance sheet for the governmental funds is a reconciliation of the balance sheet to the statement of net position to calculate net position on the full accrual basis of accounting.

Proprietary Funds

The Proprietary Funds consist of enterprise and internal service funds. These funds comprise the business-type category reported in the government-wide statements. These funds account for business or service type operations of the Village that are similar to private sector operations in which costs are recovered as a user fee. The Village's only proprietary fund is the Water and Sewer Fund.

Fiduciary Funds

The Fiduciary Funds are excluded from the government-wide financial statements. While these funds represent trust responsibilities of the Village, these assets are restricted in purpose and do not represent discretionary assets of the Village. Therefore, these assets are not presented as part of the government-wide financial statements. The Village's fiduciary funds are the Special Service Area Fund and the Police Pension Fund.

Village of Harwood Heights, Illinois
Management's Discussion and Analysis
April 30, 2013

Notes to the Financial Statements

The notes to the financial statements are intended to supplement the reader with additional information. The notes include information on significant accounting policies, explanations on the reconciliations of statements, investments, receivables, capital assets, debt, interfund balances, contingent liabilities, pensions and other information related to the Village's financial status. The information contained within the notes not only supplements financial statement information, but clarifies line-items that are part of the financial statements.

Other Supplemental Information

The supplemental information section includes detailed information as a context for understanding what the information in the financial statements and notes says about the Village's overall financial health.

Infrastructure Assets

A government's largest group of assets usually consists of infrastructure assets (land, streets, storm sewers, etc.). This statement requires that these assets be valued and reported within the governmental column of the government-wide statements. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful life or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. The Village has chosen to depreciate assets over their useful lives. If a project is considered maintenance - a recurring cost that does not extend the asset's original useful life or expand its capacity - the cost of the project will be expensed. For example, the "overlay" of a street will be considered maintenance whereas a "rebuild" of a street will be capitalized.

GOVERNMENT-WIDE STATEMENT

Statement of Net Position

Net position is defined as the amount by which assets exceed liabilities. Net position can be a useful indicator of a government's financial condition. As of April 30, 2013, assets exceeded liabilities by \$10.11 million. The following condensed Statement of Net Position compares the current and prior fiscal years.

A significant portion of the Village's net position, about 90% reflects its investment in capital assets (i.e., land, streets, storm sewers, water mains, buildings and vehicles), less any related outstanding debt 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 related debt, the resources required to repay that debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**Village of Harwood Heights, Illinois
Management's Discussion and Analysis
April 30, 2013**

**Statement of Net Position
As of April 30, 2013**

	Governmental Activities		Business-Type Activity		Total Government	
	2013	2012	2013	2012	2013	2012
Assets						
Current/ Other Assets	\$ 6,002,262	\$ 5,511,883	\$ 810,828	\$ 805,614	\$ 6,813,090	\$ 6,317,497
Capital Assets	12,388,846	11,418,478	1,426,843	1,440,254	13,815,689	12,858,732
Total Assets	18,391,108	16,930,361	2,237,671	2,245,868	20,628,779	19,176,229
Liabilities						
Current/Other Liabilities	4,165,555	2,627,391	106,499	89,786	4,272,054	2,717,177
Long-term liabilities	6,250,315	7,910,552	-	-	6,250,315	7,910,552
Total Liabilities	10,415,870	10,537,943	106,499	89,786	10,522,369	10,627,729
Net Position						
Investment in Capital Assets						
Net of Related Debt	7,764,490	4,895,185	1,426,843	1,440,254	9,191,333	6,335,439
Restricted Net Assets	286,549	1,091,492	-	-	286,549	1,091,492
Restricted for Debt Service	711,786	761,849	-	-	711,786	761,849
Unrestricted Net Assets	(787,587)	(356,108)	704,329	715,828	(83,258)	359,720
Total Net Position	\$ 7,975,238	\$ 6,392,418	\$ 2,131,172	\$ 2,156,082	\$10,106,410	\$ 8,548,500

**Village of Harwood Heights, Illinois
Management's Discussion and Analysis
April 30, 2013**

Changes in Net Position

The following table compares revenue and expenses for the current and prior fiscal years.

**Changes in Net Position
For the Fiscal Year Ended April 30, 2013**

	Governmental Activities		Business-Type Activity		Total Government	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues						
Charges for Services	\$ 2,288,646	\$ 2,278,339	\$ 1,792,791	\$ 1,463,384	\$ 4,081,437	\$ 3,741,723
Operating Grants	587,138	177,453	-	-	587,138	177,453
Capital Grants	788,784	180,180	-	-	788,784	180,180
General Revenues						
Taxes	3,895,933	4,060,950	-	-	3,895,933	4,060,950
Intergovernmental	2,328,421	2,119,361	-	-	2,328,421	2,119,361
Investment Income	3,130	3,731	520	623	3,650	4,354
Total Revenues	9,892,052	8,820,014	1,793,311	1,464,007	11,685,363	10,284,021
Expenses						
General Government	1,847,365	1,446,656	-	-	1,847,365	1,446,656
Public Safety	4,461,629	4,386,332	-	-	4,461,629	4,386,332
Public Works	1,767,238	2,212,292	-	-	1,767,238	2,212,292
Interest	233,000	235,281	-	-	233,000	235,281
Water	-	-	1,818,221	1,705,213	1,818,221	1,705,213
Total Expenses	8,309,232	8,280,561	1,818,221	1,705,213	10,127,453	9,985,774
Excess (Deficiency)						
Before Transfers	1,582,820	539,453	(24,910)	(241,206)	1,557,910	298,247
Change in Net Position	1,582,820	539,453	(24,910)	(241,206)	1,557,910	298,247
Beginning Net Position	6,392,418	5,852,965	2,156,082	2,397,288	8,548,500	9,572,442
Ending Net Position	\$ 7,975,238	\$ 6,392,418	\$ 2,131,172	\$ 2,156,082	\$10,106,410	\$ 9,870,689

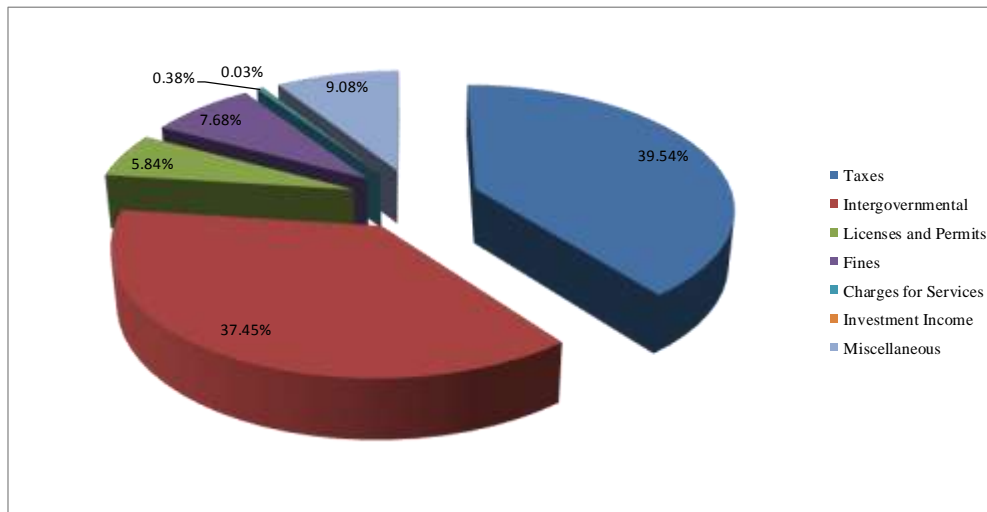
**Village of Harwood Heights, Illinois
Management's Discussion and Analysis
April 30, 2013**

GOVERNMENT-WIDE REVENUE

**Revenue
For the Fiscal Year Ended April 30, 2013**

	Governmental Activities		Business-Type Activity		Total Government	
	2013	2012	2013	2012	2013	2012
Revenue						
Taxes	\$ 3,910,883	\$ 4,060,950	\$ -	\$ -	\$ 3,910,883	\$ 4,060,950
Intergovernmental	3,704,343	2,476,994	-	-	3,704,343	2,476,994
Licenses and Permits	577,783	405,655	-	-	577,783	405,655
Fines	759,912	715,279	-	-	759,912	715,279
Charges for Services	38,030	40,008	1,792,791	1,463,384	1,830,821	1,503,392
Investment Income	3,130	3,731	520	623	3,650	4,354
Miscellaneous	897,971	1,117,397	-	-	897,971	1,117,397
Total Revenues	\$ 9,892,052	\$ 8,820,014	\$ 1,793,311	\$ 1,464,007	\$11,685,363	\$10,284,021

Percent of Governmental Activities Revenue by Category



Governmental Activities Revenue

Governmental activities revenue totaled approximately \$9.9 million, with taxes comprising 39% of total revenues for fiscal year 2013. State sales tax and home rule sales tax increased by approximately \$62,000 and were the two largest sources of revenue for the period at \$1,088,200 and \$884,549, respectively. The overall increase in sales taxes compared to fiscal year 2012 can be attributed to an upturn in our local economy. State income taxes, a State shared revenue, totaled \$776,118 for the fiscal year, an 11% increase from the previous year. Utility taxes generated \$414,710 in revenues. Village licenses and permit fees totaled \$592,733, an increase of 46% from the previous fiscal year.

**Village of Harwood Heights, Illinois
Management's Discussion and Analysis
April 30, 2013**

Business-Type Activity Revenue

The Village of Harwood Heights' only business-type activity is its Water and Sewer Department. Water service charges, sewer fees, and late payment penalties for Fiscal Year 2013 totaled \$1.68 million.

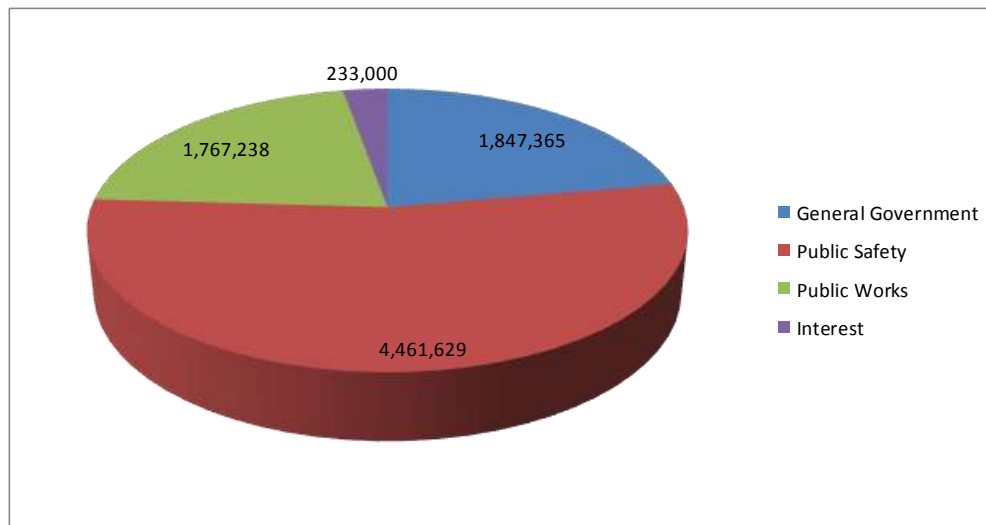
Revenues for water taps, meter sales, and miscellaneous revenues totaled \$76,102. Non-operating income of \$31,092 was produced by investment income and antenna leasing.

GOVERNMENT-WIDE EXPENSES

For the fiscal year ended April 30, 2013, expenses for all activities totaled \$10.12 million as compared to \$9.99 million in fiscal year ended April 30, 2012.

**Expenses
For the Fiscal Year Ended April 30, 2013**

	Governmental Activities		Business-Type Activity		Total Government	
	2013	2012	2013	2012	2013	2012
Expenses						
General Government	\$ 1,847,365	\$ 1,446,656	\$ -	\$ -	\$ 1,847,365	\$ 1,446,656
Public Safety	4,461,629	4,386,332	-	-	4,461,629	4,386,332
Public Works	1,767,238	2,212,292	-	-	1,767,238	2,212,292
Interest	233,000	235,281	-	-	233,000	235,281
Water	-	-	1,818,221	1,705,213	1,818,221	1,705,213
Total Expenses	\$ 8,309,232	\$ 8,280,561	\$ 1,818,221	\$ 1,705,213	\$10,127,453	\$ 9,985,774



Village of Harwood Heights, Illinois
Management's Discussion and Analysis
April 30, 2013

Governmental Activities Expenses

Governmental activities expended \$8.3 million in fiscal year ended April 30, 2013 as compared to \$8.28 million from the previous fiscal year. Public safety expenses of \$4.46 million comprised the largest expenditure and include police department operating expenses. General government expenses totaled \$1.85 million, and include general administration, law department, finance, building, recreational and cultural opportunities, and health. Public works related expenses totaled \$1.76 million.

Business-Type Activity Expenses

The Water and Sewer Department's commodities and operating expenses totaled \$1.82 million, which includes \$771,049 for water purchased and \$205,499 for sewer fees paid to the City of Chicago. Personal services in the amount of \$442,000 were provided by public works and administration employees.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available at the end of the fiscal year. As of April 30, 2013, the governmental funds reported an ending fund balance of \$3.42 million.

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 2013, the Village was not required to amend its appropriation ordinance. General Fund revenue came in over budget by \$727,635, or approximately 10.63%. General Fund expenditures came in over budget by \$248,979, or approximately 3%. The following tables compare appropriated amounts and actual Fiscal Year 2013 General Fund revenues and expenditures.

Village of Harwood Heights, Illinois
Management's Discussion and Analysis
April 30, 2013

General Fund Revenue

	FY2013 Appropriation	FY2013 Actual	Dollar Variance	Percent Variance
Revenues				
Taxes	\$ 3,153,267	\$ 3,213,313	\$ 60,046	1.90%
Intergovernmental	1,956,000	2,083,162	127,162	6.50%
Licenses and Permits	485,151	577,783	92,632	19.09%
Fines	751,000	759,912	8,912	1.19%
Charges for Services	31,001	34,733	3,732	12.04%
Investment Income	1,000	1,330	330	33.00%
Miscellaneous Revenues	463,150	897,971	434,821	93.88%
Total Revenues	\$ 6,840,569	\$ 7,568,204	\$ 727,635	10.64%

General Fund Expenditures

	FY2013 Appropriation	FY2013 Actual	Dollar Variance	Percent Variance
Expenditures				
General Government	\$ 1,818,979	\$ 1,562,552	\$ (256,427)	-14.10%
Public Safety	4,132,316	4,093,893	(38,423)	-0.93%
Public Works	1,285,633	1,258,921	(26,712)	-2.08%
Debt Service	51,505	53,247	1,742	3.38%
Capital Outlay	193,307	264,282	70,975	36.72%
Total Expenditures	\$ 7,481,740	\$ 7,232,895	\$ (248,845)	-3.33%

Capital Assets

At the end of the fiscal year 2013, the Village had a combined total capital assets of \$12.42 million invested in a broad range of capital assets including land, buildings, vehicles, streets, water mains, and sewer lines.

**Village of Harwood Heights, Illinois
Management's Discussion and Analysis
April 30, 2013**

**Total Capital Assets at Fiscal Year End
Net of Depreciation**

Asset Type	Governmental Activities		Business-Type Activity		Total Government	
	2013	2012	2013	2012	2013	2012
	Land	\$ 629,428	\$ 629,428	\$ -	\$ -	\$ 629,428
Buildings	4,831,130	4,963,157	-	-	4,831,130	4,963,157
Machinery and Equipment	409,415	537,841	34,460	45,208	443,875	583,049
Land Improvements	21,094	23,744	-	-	21,094	23,744
Infrastructure	6,497,779	5,264,308	1,392,383	1,395,046	7,890,162	6,659,354
Total Capital Assets	\$12,388,846	\$11,418,478	\$ 1,426,843	\$ 1,440,254	\$13,815,689	\$12,858,732

For further information on capital assets, please refer to the Notes to the Financial Statements.

Debt Administration

As of April 30, 2013, the Village of Harwood Heights had two outstanding General Obligation Bond issues, in the amount of \$4.43 million and one outstanding installment note in the amount of \$990,220. The Village's debt is rated "AA Stable" by Standard and Poor's. More detailed information about the Village's long-term liabilities is presented in Note H to the financial statements.

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 have increased from the previous fiscal year and are expected to increase due to new economic development initiatives. Long-range goals include revitalization of the Village's commercial areas and attracting new businesses.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Village of Harwood Heights, Illinois

STATEMENT OF NET POSITION

April 30, 2013

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Current			
Cash and cash equivalents	\$ 3,004,895	\$ 722,140	\$ 3,727,035
Receivables	1,734,264	200,703	1,934,967
Internal balances	159,453	(159,453)	-
Prepaid items	103,650	47,438	151,088
Land held for resale	1,000,000	-	1,000,000
Noncurrent assets			
Capital assets not being depreciated	629,428	-	629,428
Capital assets, net of accumulated depreciation	<u>11,759,418</u>	<u>1,426,843</u>	<u>13,186,261</u>
Total assets	<u>18,391,108</u>	<u>2,237,671</u>	<u>20,628,779</u>
LIABILITIES			
Current			
Accounts payable	174,316	106,499	280,815
Accrued payroll liabilities	12,900	-	12,900
Deposits payable	84,783	-	84,783
Accrued interest	56,761	-	56,761
Due to fiduciary fund	10,342	-	10,342
Due to Illinois Department of Transportation	1,322,189	-	1,322,189
Unearned revenue	977,801	-	977,801
Noncurrent liabilities			
Due within one year	1,526,463	-	1,526,463
Due in more than one year	<u>6,250,315</u>	<u>-</u>	<u>6,250,315</u>
Total liabilities	<u>10,415,870</u>	<u>106,499</u>	<u>10,522,369</u>
NET POSITION			
Invested in capital assets, net of related debt	7,764,490	1,426,843	9,191,333
Restricted by enabling legislation	286,549	-	286,549
Restricted for debt service	711,786	-	711,786
Unrestricted	<u>(787,587)</u>	<u>704,329</u>	<u>(83,258)</u>
Total net position	<u>\$ 7,975,238</u>	<u>\$ 2,131,172</u>	<u>\$ 10,106,410</u>

The accompanying notes are an integral part of this statement.

Village of Harwood Heights, Illinois

STATEMENT OF ACTIVITIES

Year Ended April 30, 2013

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants	Capital Grants
Governmental activities				
General government	\$ 1,847,365	\$ 936,001	\$ 585,928	\$ -
Public safety	4,461,629	759,912	1,210	-
Public works	1,767,238	577,783	-	788,784
Interest	233,000	-	-	-
Total governmental activities	8,309,232	2,273,696	587,138	788,784
Business-type activities				
Water and Sewer	1,818,221	1,792,791	-	-
Total	\$ 10,127,453	\$ 4,066,487	\$ 587,138	\$ 788,784

General revenues

Taxes

Intergovernmental

Interest

Total general revenues

Change in net position

Net position - beginning of
year, as restated (Note M)

Net position - end of year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (325,436)	\$ -	\$ (325,436)
(3,700,507)	-	(3,700,507)
(400,671)	-	(400,671)
(233,000)	-	(233,000)
<u>(4,659,614)</u>	<u>-</u>	<u>(4,659,614)</u>
<u>-</u>	<u>(25,430)</u>	<u>(25,430)</u>
<u>(4,659,614)</u>	<u>(25,430)</u>	<u>(4,685,044)</u>
3,910,883	-	3,910,883
2,328,421	-	2,328,421
3,130	520	3,650
<u>6,242,434</u>	<u>520</u>	<u>6,242,954</u>
1,582,820	(24,910)	1,557,910
<u>6,392,418</u>	<u>2,156,082</u>	<u>8,548,500</u>
<u>\$ 7,975,238</u>	<u>\$ 2,131,172</u>	<u>\$ 10,106,410</u>

Village of Harwood Heights, Illinois

Governmental Funds

BALANCE SHEET

April 30, 2013

	General	Motor Fuel Tax	Grant	General Obligation Bonds Fund	Nonmajor Governmental	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,774,027	\$ 214,139	\$ 141,712	\$ 375,316	\$ 499,701	\$ 3,004,895
Receivables, net of allowances						
Property taxes	656,778	-	-	176,442	-	833,220
Intergovernmental	551,194	14,815	-	-	-	566,009
Other	195,229	-	138,670	-	1,136	335,035
Prepays	103,650	-	-	-	-	103,650
Due from other funds	765,728	-	-	47,788	-	813,516
Land held for resale	1,000,000	-	-	-	-	1,000,000
 Total assets	 \$ 5,046,606	\$ 228,954	\$ 280,382	\$ 599,546	\$ 500,837	\$ 6,656,325
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 172,438	\$ 378	\$ 1,500	-	-	\$ 174,316
Accrued payroll liabilities	12,900	-	-	-	-	12,900
Deposits payable	84,783	-	-	-	-	84,783
Due to other funds	47,788	22,884	452,093	-	131,298	654,063
Due to fiduciary fund	10,342	-	-	-	-	10,342
Due to IDOT	1,322,189	-	-	-	-	1,322,189
Unearned revenue	801,359	-	-	176,442	-	977,801
 Total liabilities	 2,451,799	23,262	453,593	176,442	131,298	3,236,394
Fund balances						
Nonspendable						
Prepaid items	103,650	-	-	-	-	103,650
Land held for resale	1,000,000	-	-	-	-	1,000,000
Restricted						
Special revenue funds	-	205,692	-	-	80,857	286,549
Debt service	-	-	-	423,104	288,682	711,786
Unassigned	1,491,157	-	(173,211)	-	-	1,317,946
 Total fund balance (deficit)	 2,594,807	205,692	(173,211)	423,104	369,539	3,419,931
 Total liabilities and fund balance	 \$ 5,046,606	\$ 228,954	\$ 280,382	\$ 599,546	\$ 500,837	\$ 6,656,325

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 POSITION
April 30, 2013

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

Total fund balance - governmental funds	\$ 3,419,931
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	12,388,846
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>(7,833,539)</u>
Net position - governmental activities	\$ <u><u>7,975,238</u></u>

Village of Harwood Heights, Illinois

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES Year Ended April 30, 2013

	General Fund	Motor Fuel Tax Fund	Grant Fund	General Obligation Bonds Fund	Special Service Area Bond Proceeds Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 3,213,313	\$ -	\$ -	\$ 380,815	\$ -	\$ 316,755	\$ 3,910,883
Intergovernmental	2,083,162	245,259	1,375,922	-	-	-	3,704,343
Licenses and permits	577,783	-	-	-	-	-	577,783
Fines	759,912	-	-	-	-	-	759,912
Charges for services	34,733	-	-	-	-	3,297	38,030
Investment income	1,330	224	26	285	-	1,265	3,130
Miscellaneous	897,971	-	-	-	-	-	897,971
Total revenues	<u>7,568,204</u>	<u>245,483</u>	<u>1,375,948</u>	<u>381,100</u>	<u>-</u>	<u>321,317</u>	<u>9,892,052</u>
Expenditures							
Current							
General government	1,562,552	-	-	-	-	-	1,562,552
Public safety	4,093,893	-	-	-	-	84,540	4,178,433
Public works	1,258,921	303,303	-	-	-	-	1,562,224
Grant expenditures	-	-	1,364,014	-	-	-	1,364,014
Miscellaneous	-	-	-	-	-	9,893	9,893
Capital outlay	264,282	-	-	-	-	-	264,282
Debt service							
Principal	55	-	-	290,000	-	135,000	425,055
Interest	53,192	-	-	79,728	-	105,650	238,570
Total expenditures	<u>7,232,895</u>	<u>303,303</u>	<u>1,364,014</u>	<u>369,728</u>	<u>-</u>	<u>335,083</u>	<u>9,605,023</u>
Excess (deficiency) of revenues over expenditures	<u>335,309</u>	<u>(57,820)</u>	<u>11,934</u>	<u>11,372</u>	<u>-</u>	<u>(13,766)</u>	<u>287,029</u>
Other financing sources							
Transfer in (out)	32,943	-	-	-	(2,570)	(30,373)	-
Loan proceeds	22,466	-	-	-	-	-	22,466
Total other financing sources	<u>55,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,570)</u>	<u>(30,373)</u>	<u>22,466</u>
Net change in fund balances	390,718	(57,820)	11,934	11,372	(2,570)	(44,139)	309,495
Fund balance (deficit)							
Beginning of year, as restated (Note M)	<u>2,204,089</u>	<u>263,512</u>	<u>(185,145)</u>	<u>411,732</u>	<u>2,570</u>	<u>413,678</u>	<u>3,110,436</u>
End of year	<u>\$ 2,594,807</u>	<u>\$ 205,692</u>	<u>\$ (173,211)</u>	<u>\$ 423,104</u>	<u>\$ -</u>	<u>\$ 369,539</u>	<u>\$ 3,419,931</u>

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, 2013

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

Net change in fund balances - total governmental funds	\$ 309,495
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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.	970,368
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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>302,957</u>
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Change in net position - governmental activities	<u><u>\$ 1,582,820</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 POSITION

April 30, 2013

ASSETS

Current

Cash and cash equivalents	\$ 722,140
Customer receivables (net of allowance)	200,703
Prepaid expenses	<u>47,438</u>

Total current assets 970,281

Capital assets, net of accumulated depreciation 1,426,843

Total assets 2,397,124

LIABILITIES

Accounts payable	106,499
Due to general fund	<u>159,453</u>

Total liabilities 265,952

NET POSITION

Invested in capital assets, net of related debt	1,426,843
Unrestricted	<u>704,329</u>

Total net position \$ 2,131,172

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 POSITION
Year Ended April 30, 2013

OPERATING REVENUES	
Charges for services	\$ 1,741,456
Penalties	20,763
	1,762,219
Total operating revenues	1,762,219
OPERATING EXPENSES	
Current	
Personal services	464,549
Commodities	965,591
Other services	320,159
Capital outlay	10,011
Depreciation	57,911
	1,818,221
Total operating expenses	1,818,221
OPERATING LOSS	(56,002)
NONOPERATING REVENUE	
Antenna leasing	30,572
Interest income	520
	31,092
Total nonoperating revenues	31,092
CHANGE IN NET POSITION	(24,910)
TOTAL NET POSITION	
Beginning of year	2,156,082
End of year	\$ 2,131,172

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, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,741,799
Cash paid to suppliers for goods and services	(1,298,488)
Cash paid to employees for services	<u>(464,549)</u>
Net cash used in operating activities	<u>(21,238)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Change in due from/to other funds	<u>65,736</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(44,500)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	520
Antenna leasing	<u>30,572</u>
Net cash provided by investing activities	<u>31,092</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	31,090
CASH AND CASH EQUIVALENTS	
Beginning of year	<u>691,050</u>
End of year	\$ <u><u>722,140</u></u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	\$ (56,002)
Adjustments to reconcile operating income to net cash used in operating activities	
Depreciation	57,911
Changes in assets and liabilities	
Accounts receivable	(20,420)
Accounts payable	16,713
Prepaid sewer fee liability	<u>(19,440)</u>
Net cash used in operating activities	\$ <u><u>(21,238)</u></u>

The accompanying notes are an integral part of this statement.

Village of Harwood Heights, Illinois

Fiduciary Funds

STATEMENT OF NET POSITION

April 30, 2013

	<u>Police Pension Fund</u>	<u>Agency Fund</u>
	<u>Police Pension</u>	<u>Special Service Area</u>
ASSETS		
Cash and cash equivalents	\$ 155,862	\$ 88,451
Investments	15,262,980	-
Accrued interest receivable	87,869	-
Due from the Village	-	10,342
	<u>15,506,711</u>	<u>98,793</u>
Total assets	<u>15,506,711</u>	<u>\$ 98,793</u>
LIABILITIES		
Due to property owners	\$ <u>-</u>	\$ <u>98,793</u>
Total liabilities	<u>\$ -</u>	<u>\$ 98,793</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 15,506,711</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 POSITION
Year Ended April 30, 2013

ADDITIONS	
Contributions	
Employer	\$ 516,412
Members	<u>191,465</u>
Total contributions	<u>707,877</u>
Investment income	
Net increase in fair value of investments	623,481
Investment Earnings	<u>456,965</u>
Total investment income	1,080,446
Less investment expense	<u>(44,573)</u>
Net investment income	<u>1,035,873</u>
Total additions	<u>1,743,750</u>
DEDUCTIONS	
Pension benefits	858,519
Administrative expense	<u>43,000</u>
Total deductions	<u>901,519</u>
NET INCREASE	842,231
PLAN NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
Beginning of year	<u>14,664,480</u>
End of year	<u>\$ 15,506,711</u>

The accompanying notes are an integral part of this statement.

Village of Harwood Heights, Illinois
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April 30, 2013

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Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

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 position and the statement of activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. 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, 2013

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, 2) grants and contributions that are restricted to meeting the operational requirements, and 3) grants and contributors that are restricted to meeting the 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 aggregated in the fund financial statements, and reported separately 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, 2013

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, Grant 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 Obligation Bonds 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's capital project fund is the Special Service Area Bond Proceeds Fund.

b. Proprietary Fund Types

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

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

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

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 Service Area Agency Fund is the Village's sole agency fund.

4. Fund Balance

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), the governmental funds report five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

a. *Nonspendable* - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The nonspendable in form criteria includes items that are not expected to be converted to cash such as prepaid items or inventories.

b. *Restricted* - refers to amounts that are subject to outside restrictions such as creditors, grantors, contributors, laws and regulations of other governments, or imposed by law through enabling legislation. Special revenue funds are by definition restricted for those specified purposes.

c. *Committed* - refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village's highest level of decision making authority (the Village Board). The Village Board commits fund balances by passing a resolution. Amounts committed cannot be used for any purpose unless the Village removes or changes the specific use by taking the same type of formal action it employed to previously commit those funds. There were no committed amounts at April 30, 2013.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Fund Balance (Continued)

d. *Assigned* - refers to amounts that are constrained by the Village's intent to be used for a specific purpose, but are neither restricted or committed. Intent may be expressed by the Board of Trustees or the individual the Village Board delegates the authority to assign amounts to be used for specific purposes. The Village Board has not delegated this authority as of April 30, 2013. There were no assigned amounts at April 30, 2013.

e. *Unassigned* - refers to all spendable amounts not contained in the other four classifications described above. In funds other than the general fund, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally they act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

5. 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.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The Village reports the following major governmental funds:

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

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

The *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 are 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.

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

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 and sewer 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 which are based upon actuarial studies and funded through an annual property tax levy.

The *Special Service Area Agency Fund* accounts for the changes in assets and liabilities for the special service area debt payments.

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 revenues.

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.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

6. Cash Equivalents

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

7. 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.

8. 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.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. 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.

10. 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.

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

Village of Harwood Heights, Illinois
 NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. 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 position. Accumulated vacation and sick leave of the proprietary fund is recorded as expenses and liabilities of that fund as the benefits accrue to employees.

12. 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 position.

13. 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 position reports net position restricted by enabling legislation which consist of the following:

Net position restricted for:	Amount
Motor fuel tax	\$ 205,692
Crime investigation	11,042
Public safety - 911 service	69,815
Debt service	711,786
Total net position restricted by enabling legislation	\$ 998,335

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. 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.

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

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

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

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	19,084,044
Accumulated depreciation	<u>(7,324,626)</u>
Net total capital assets not reported in governmental funds	<u>\$ 12,388,846</u>

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

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

(Continued)

1. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position (Continued)

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	\$ (4,430,000)
Installment notes	(990,220)
Accrued interest	(56,761)
Compensated absences payable	(806,768)
Capital lease payable	(194,356)
Other post-employment benefit obligation	(56,101)
Net pension obligation	<u>(1,299,333)</u>
Net total long-term liabilities not reported in governmental funds	\$ <u><u>(7,833,539)</u></u>

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 – total governmental funds and change in net assets - governmental activities as reported in the government-wide statement of activities.

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

Capital outlay	\$ 1,515,073
Depreciation expense	<u>(544,705)</u>
Net total amount by which depreciation expense exceeded capital outlay	\$ <u><u>970,368</u></u>

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

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	\$	5,570
Net decrease in general installment notes		55
Principal payments on general obligation bonds		425,000
Net increase in net pension obligation		(151,764)
Net increase in other post-employment benefits obligation		(46,668)
Net decrease in compensated absences		17,233
Net decrease in capital lease obligation		<u>53,531</u>
Net changes in current financial resources	\$	<u><u>302,957</u></u>

NOTE C - DEPOSITS AND INVESTMENTS

1. Village Deposits and Investments

For disclosure purposes, deposits and investments are segregated into two components: 1) deposits with financial institutions, which include checking, savings, and certificates of deposits and 2) investments as follows:

		<u>Total</u>
Deposits with financial institutions	\$	1,623,088
Investments		<u>2,103,947</u>
	\$	<u><u>3,727,035</u></u>

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

1. Village Deposits and Investments (Continued)

The Village's investment policy is in line with state statutes. The investments that the Village may purchase are limited by Illinois law to the following: (1) securities that are fully guaranteed by the U.S. government as to principal and interest; (2) certain U.S. government agency securities; (3) interest bearing savings accounts, interest-bearing certificates of deposit or time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; (4) short-term discount obligations of corporations organized in the United States with assets exceeding \$500,000,000; (5) interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation or school district; (6) fully collateralized repurchase agreements; (7) the State Treasurer's Illinois and Prime Funds; and (8) money market mutual funds and certain other instruments.

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, 2013, all of the Village's deposits were insured or collateralized. The carrying amount of the Village's deposits with financial institutions was \$1,623,088 at April 30, 2013. The Village's Agency Fund had a carrying value of \$88,451 at April 30, 2013.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

1. Village Deposits and Investments (Continued)

Investments

The following table presents the Village's investments and maturities as of April 30, 2013.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities in Years</u>		
		<u>Less than 1</u>	<u>1 - 5</u>	<u>Greater than 5</u>
The Illinois Funds	\$ <u>2,103,947</u>	\$ <u>2,103,947</u>	\$ <u>-</u>	\$ <u>-</u>

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 AAAM.

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

Concentration of credit risk is the risk that the Village has a high percentage of its investments invested in one type of investment. The Village's investment policy does not discuss concentration of credit risk related to investments. At April 30, 2013, 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.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

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

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.

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.

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

Deposits. At year-end, the carrying amount of the Pension Fund's deposits totaled \$155,862, and the related bank balances totaled \$140,266.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

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

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

Investments. 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	\$ 539,183	\$ -	\$ 454,769	\$ 84,414	\$ -
Governmental					
National Mortgage	72,886	-	-	-	72,886
Federal National					
Mortgage	419,286	-	-	419,286	-
Federal Farm					
Credit Bank	2,165,095	466,763	543,041	1,155,291	-
Federal Home					
Loan Bank	1,925,109	279,525	450,464	1,195,120	-
State and Local					
Obligations	3,491,129	130,740	1,609,028	1,751,361	-
Equity Mutual					
Funds	6,362,373	6,362,373	-	-	-
Money Market					
Mutual Funds	287,919	287,919	-	-	-
TOTAL	\$ 15,262,980	\$ 7,527,320	\$ 3,057,302	\$ 4,605,472	\$ 72,886

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

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

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 establishes 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 and state and local obligations were all rated AAA by Moody's Investors Services. Other than investing in securities issued by agencies of the United States government, the Pension Fund has no other formal policy for reducing credit risk.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that, in the event of a bank failure, the Pension Fund's deposits may not be returned to it. At April 30, 2013, 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, 2013, 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 regard to custodial credit risk for investments.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

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, 2013, 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. Additionally, the Pension Fund has \$287,919 invested in money market mutual funds at April 30, 2013.

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	\$ 964,524
Baron Small Cap Fund	52,679
Fidelity Advisor New Insights	1,006,534
JP Morgan Mid Cap Value	258,648
Invesco Global Real Estate Fund	197,108
Lazard Emerging Markets Equity Fund	147,526
MFS International Value	462,446
Oppenheimer Developing MKT	98,204
Royce Total Return Fund	146,244
RS Global Natural Resources	302,688
Scout International Fund	460,058
Sector SPDR Industrial Select	122,319
Sector SPDR Trust Consumer Staples	248,342
Sector SPDR Trust Energy	120,614
T. Rowe Price International Discovery Fund	56,513
T. Rowe Price Mid-Cap Growth	165,784
TWC Select Equities Fund	<u>1,552,142</u>
Total equity mutual funds	<u>\$ 6,362,373</u>

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

NOTE D - PROPERTY TAXES

Property taxes for 2012 tax year attach as an enforceable lien on January 1, 2012 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, 2013 and September 1, 2013. 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 2012 levy is intended to finance the fiscal year ended April 30, 2014, it has been offset by unearned revenue at April 30, 2013. The 2013 levy, which attached as an enforceable lien on property as of January 1, 2013, has not been recorded as a receivable as of April 30, 2013, as the tax has not yet been levied by the Village and will not be levied until December 2013; therefore, the levy is not measurable at April 30, 2013.

NOTE E - INTERFUND TRANSACTIONS

1. Due from/to Other Funds

	<u>Due from</u>	<u>Due to</u>
General		
General Obligation Bonds	\$ -	\$ 47,788
SSA Debt Service	112,587	-
Grant	452,093	-
Criminal Investigation	313	-
Motor Fuel Tax	22,884	-
Water and Sewer	159,453	-
Emergency 911	18,398	-
Special Service Area	-	10,342
	<u>765,728</u>	<u>58,130</u>
Total General	\$ <u>765,728</u>	\$ <u>58,130</u>

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

NOTE E - INTERFUND TRANSACTIONS (Continued)

	<u>Due from</u>	<u>Due to</u>
1. <u>Due from/to Other Funds</u> (Continued)		
Other governmental funds		
General Obligation Bonds - General	\$ 47,788	\$ -
Emergency 911 - General	-	18,398
Motor Fuel Tax - General	-	22,884
SSA Debt Service - General	-	112,587
Criminal Investigation - General	-	313
Grant - General	-	452,093
	<hr/>	<hr/>
Total other governmental funds	47,788	606,275
	<hr/>	<hr/>
Water and Sewer Fund	-	159,453
	<hr/>	<hr/>
Special Service Area Agency Fund	10,342	-
	<hr/>	<hr/>
Total all Funds	823,858	823,858
	<hr/>	<hr/>
Less amounts eliminated during GASB 34 conversion	(654,063)	(654,063)
	<hr/>	<hr/>
Total Village internal balances	\$ 169,795	\$ 169,795
	<hr/> <hr/>	<hr/> <hr/>

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2013 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	6,185,884	14,075	-	6,199,959
Machinery and equipment	2,254,443	68,014	-	2,322,457
Land improvements	121,499	-	-	121,499
Infrastructure	9,007,145	1,432,984	-	10,440,129
Total capital assets, being depreciated	<u>17,568,971</u>	<u>1,515,073</u>	<u>-</u>	<u>19,084,044</u>
Less accumulated depreciation for				
Buildings	1,222,727	146,102	-	1,368,829
Machinery and equipment	1,716,602	196,440	-	1,913,042
Land improvements	97,755	2,650	-	100,405
Infrastructure	3,742,837	199,513	-	3,942,350
Total accumulated depreciation	<u>6,779,921</u>	<u>544,705</u>	<u>-</u>	<u>7,324,626</u>
Total capital assets, being depreciated, net	<u>10,789,050</u>	<u>970,368</u>	<u>-</u>	<u>11,759,418</u>
Governmental activities capital assets, net	<u>\$ 11,418,478</u>	<u>\$ 970,368</u>	<u>\$ -</u>	<u>\$ 12,388,846</u>

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

NOTE F - CAPITAL ASSETS (Continued)

2. Business-Type Activities

	Beginning Balance	Increases	Disposals	Ending Balance
Capital assets, being depreciated				
Machinery and equipment	\$ 185,687	\$ -	\$ -	\$ 185,687
Land improvements	34,700	-	-	34,700
Infrastructure	3,658,138	44,500	-	3,702,638
Total capital assets, being depreciated	3,878,525	44,500	-	3,923,025
Less accumulated depreciation for				
Machinery and equipment	140,479	10,748	-	151,227
Land improvements	34,700	-	-	34,700
Infrastructure	2,263,092	47,163	-	2,310,255
Total accumulated depreciation	2,438,271	57,911	-	2,496,182
Business-type activities, capital assets, net	\$ 1,440,254	\$ (13,411)	\$ -	\$ 1,426,843

3. Depreciation Expense

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

Governmental activities:

General government	\$ 119,390
Public safety	176,692
Public works, streets, and lighting	248,623
	\$ 544,705

Business – type activities:

Water and sewer	\$ 57,911
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Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

NOTE G - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; natural disasters; employee health; and injuries to the Village's employees. In order to protect against these risks, the Village is a member of the Illinois Municipal League Risk Management Agency (IMLRMA). IMLRMA is a joint risk management pool of numerous cities and villages throughout the state of Illinois through which property, general liability, automobile liability, crime, boiler and machinery, and workers' compensation coverage is provided in excess of specified limits for the members, acting as a single insurable unit. In addition, the Village provides health insurance to its employees through a third-party indemnity policy. The Village pays 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, 2013:

	<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	\$ 2,345,000	\$ -	\$ 290,000	\$ 2,055,000	\$ 305,000
Series 2006B	2,510,000	-	135,000	2,375,000	140,000
Total general obligation bonds	<u>4,855,000</u>	<u>-</u>	<u>425,000</u>	<u>4,430,000</u>	<u>445,000</u>
Installment notes	990,275	-	55	990,220	990,220
Net pension obligation	1,147,569	582,108	516,412	1,213,265	-
OPEB obligation payable	9,433	75,637	28,969	56,101	-
Compensated absences	824,001	-	17,233	806,768	-
Capital lease obligations (Note I)	<u>247,887</u>	<u>22,466</u>	<u>75,997</u>	<u>194,356</u>	<u>91,243</u>
Total governmental long- term liabilities	<u>\$ 8,074,165</u>	<u>\$ 680,211</u>	<u>\$ 1,063,666</u>	<u>\$ 7,690,710</u>	<u>\$ 1,526,463</u>

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

NOTE H- LONG-TERM LIABILITIES (Continued)

2. Long-Term Debt - Terms and Maturities

General obligation bonds payable at April 30, 2013 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 June 1, 2004. \$ 2,055,000

\$2,510,000 Series 2006B general obligation bonds, payable in annual installments ranging from \$135,000 to \$235,000 commencing December 1, 2012, and payable through December 1, 2025; interest is payable semiannually at rates ranging from 4.20% to 4.25% commencing December 1, 2006. \$ 2,375,000

Total general obligations bonds payable \$ 4,430,000

The installment note payable at April 30, 2013 is as follows:

\$1,000,000 promissory note, principal payable in one installment on May 31, 2014, and payment of monthly interest payments at 4.0%. \$ 990,220

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

NOTE H- LONG-TERM LIABILITIES (Continued)

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

The annual requirements to retire the general obligation bonds and installment note outstanding as of April 30, 2013 are as follows:

Year Ending April 30,	General Obligation Bonds Payable			Installment Notes	
	Principal	Interest	Total	Principal	Interest
2014	\$ 445,000	\$ 170,283	\$ 615,283	\$ 990,220	\$ 39,609
2015	465,000	154,338	619,338	-	-
2016	485,000	137,468	622,468	-	-
2017	510,000	119,678	629,678	-	-
2018	530,000	100,883	630,883	-	-
2019-2023	1,320,000	278,210	1,598,210	-	-
2024-2026	675,000	58,118	733,118	-	-
	<u>\$ 4,430,000</u>	<u>\$ 1,018,978</u>	<u>\$ 5,448,978</u>	<u>\$ 990,220</u>	<u>\$ 39,609</u>

3. Capital Lease Obligations

At April 30, 2013, the Village is obligated for future payments under a noncancellable leases for vehicles, public works equipment and a security system as follows:

Year Ending April 30,	Capital Lease Governmental Activities	
	Principal	Interest
2014	\$ 91,243	\$ 7,368
2015	41,871	3,242
2016	16,691	2,147
2017	17,325	1,514
2018	17,982	856
2019	9,244	174
	<u>\$ 194,356</u>	<u>\$ 15,301</u>

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

NOTE H- LONG-TERM LIABILITIES (Continued)

3. Capital Lease Obligations (Continued)

The cost of the capital assets acquired through capital lease is \$22,466, with accumulated depreciation and depreciation expense of \$40,369 and \$48,642, respectively, at April 30, 2013.

4. 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 - 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.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

NOTE I - DEFINED BENEFIT PENSION PLANS (Continued)

1. Illinois Municipal Retirement Fund (Continued)

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 2012 was 10.99 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.

c. Annual Pension Cost

For 2012, the Village's annual pension cost of \$124,284 for the regular plan was equal to the Village's required and actual contributions.

Trend Information

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/12	\$ 124,284	100%	\$ -
12/31/11	113,078	100%	-
12/31/10	116,230	100%	-

The required contribution for 2012 was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010 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 20 percent corridor between the actuarial and market value of assets. The Village's regular plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30-year basis.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

NOTE I - DEFINED BENEFIT PENSION PLANS (Continued)

1. Illinois Municipal Retirement Fund (Continued)

d. Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the regular plan was 77.53 percent funded. The actuarial accrued liability for benefits was \$2,961,565 and the actuarial value of assets was \$2,296,111, resulting in underfunded actuarial accrued liability (UAAL) of \$665,454. The covered payroll (annual payroll of active employees covered by the plan) was \$1,130,886 and the ratio of the UAAL to the covered payroll was 59 percent.

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.

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, 2012, the date of the latest actuarial valuation, the Police Pension Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	17
Active plan members	<u>24</u>
Total plan membership	<u><u>41</u></u>

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

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE I - DEFINED BENEFIT PENSION PLANS (Continued)

2. Police Pension Plan (Continued)

a. Plan Description (Continued)

The Police Pension Plan provides retirement benefits, as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last date, whichever is greater.

The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2012, attaining the age of 55 with at least 10 years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2012, 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. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lesser of 3% or 1/2 of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

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, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040, the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

NOTE I - DEFINED BENEFIT PENSION PLANS (Continued)

2. Police Pension Plan (Continued)

b. Summary of Significant Accounting Policies and Plan Asset Matters

i. Reporting Entity

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

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

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

ii. Basis of Presentation

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

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE I - DEFINED BENEFIT PENSION PLANS (Continued)

2. Police Pension Plan (Continued)

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

iii. Measurement Focus and Basis of Accounting

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

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

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

iv. Investments

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

v. Short-term Interfund Receivables and Payables

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.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE I - DEFINED BENEFIT PENSION PLANS (Continued)

2. Police Pension Plan (Continued)

c. Funding Policy and Annual Pension Cost

The Village's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2013 was \$1,761,237 out of a total payroll of \$3,654,667.

For the year ended April 30, 2013, the Village's annual pension cost was \$582,108. Actual contributions made by the Village were \$516,412. The information presented was determined as part of the actuarial valuation as of April 30, 2012, the most recent actuarial information available.

Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry age normal; the amortization method was level percent of pay, closed, and the amortization period was 30 years; the asset valuation method was a market value method; and the significant actuarial assumptions were an investment rate of return at 7.5%, compounded annually which includes a 2.5% inflation factor, a projected salary increase assumption range of 3.6% through 7.4% compounded annually, which includes a 2.5% inflation factor, and cost-of-living adjustments of 3.0%, compounded annually.

The Village's annual pension cost and net pension obligation to the Police Pension Fund were obtained from the fund's most recent actuarial valuation (April 30, 2012) and are as follows:

Annual required contribution	\$ 582,108
Interest on net pension obligation	<u>86,068</u>
Annual pension cost	668,176
Contributions made	<u>(516,412)</u>
Increase in net pension obligation	151,764
Net pension obligation as of May 1, 2012	<u>1,147,569</u>
Net pension obligation as of April 30, 2013	\$ <u><u>1,299,333</u></u>

Village of Harwood Heights, Illinois
 NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE I - DEFINED BENEFIT PENSION PLANS (Continued)

2. Police Pension Plan (Continued)

d. Three-Year Trend Information

<u>Year Ending</u>	<u>Annual Required Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
4/30/13	\$ 582,108	77.29%	\$ 1,299,333
4/30/12	576,467	80.78%	1,147,569
4/30/11	576,467	81.91%	1,026,877

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, 2013 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 J - 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 2013, 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 2013, the Village contributed \$28,969 toward the cost of the postemployment benefits for retirees.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

NOTE J - 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>April 30, 2013</u>
Annual required contribution	\$ 75,750
Interest on net OPEB obligation	471
Adjustment to annual required contribution	<u>(584)</u>
Annual OPEB cost	75,637
Contributions made	<u>(28,969)</u>
Increase in net OPEB obligation	46,668
Net OPEB obligation beginning of year	<u>9,433</u>
Net OPEB obligation end of year	<u><u>\$ 56,101</u></u>

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 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>
4/30/13	\$ 75,637	38.3%	\$ 56,101
4/30/12	18,923	81.4%	9,433
4/30/11	18,908	98.5%	5,904

Funding Status and Funding Progress

As of April 30, 2013, the actuarial accrued liability for benefits was \$649,573. The covered payroll (annual payroll of active employees covered by the plan) was \$2,712,495, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 23.9%.

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, 2013

NOTE J - 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	100%
Actuarial valuation date	4/30/2013
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	3.50%
Healthcare inflation rate	9.00% initial 5.00% ultimate
Mortality, Turnover, Disability, Retirement Ages	RP-2000 Combined Table for Males and Females; Revenue ruling 96-7
Percentage of active employees assumed to elect benefit	20%

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Methods and Assumptions (Continued)

Employer provided benefit	Explicit pensioners premium for life	(eligible only):	disabled 100% of
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*Includes inflation at 2.5%

NOTE K - CONTINGENCIES AND COMMITMENTS

1. Grants

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.

2. Litigation

The Village has pending legal proceedings that, in the opinion of management, are ordinary routine matters incidental to the normal business conducted by the Village. In the opinion of management, the outcome is neither probable nor estimable, and the ultimate dispositions of such proceedings are not expected to have a material adverse effect on the Village's net position or activities.

NOTE L - PLEDGED REVENUE

In April 2012, the Village entered into an agreement with a business developer related to land to be developed in the Village. Under the agreement, the Village agreed to reimburse the developer up to \$3,850,000 of the costs to develop the land, to be paid over a period of 40 years. The Village will make the reimbursement payments from 50% of the sales tax revenue generated from the business developed on the land. The monthly payments will commence in fiscal year 2014. Each monthly payment will be applied first to interest at the prime rate plus 2.25%, with the any remaining amount applied to the \$3,850,000 principal. The Village's pledge is limited to 50% of the related sales tax revenue, and the obligation will terminate at the end of the 40 year period, regardless of whether a principal balance remains.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

NOTE M - PRIOR PERIOD ADJUSTMENT

The Village recorded a prior period adjustment to properly record an amount due to the Illinois Department of Transportation related to a road construction grant for a project completed in 2008. As a result of this additional liability, the beginning fund balance in the General Fund and the beginning net position on the Statement of Activities were restated and reduced by \$1,322,189.

NOTE N - SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 3, 2014, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the statement of net position 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, 2013

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Liability (AAL) - Entry Age (2)	Unfunded AAL (UAAL) (2) - (1)	Funded Ratio (1)/(2)	Covered Payroll (3)	UAAL as a Percentage of Covered Payroll ((2-1)/3)
2012	4/30/12	\$ 14,915,150	\$ 20,561,498	\$ 5,646,348	72.54 %	\$ 1,861,315	303.35 %
2011	4/30/11	N/A	N/A	N/A	N/A	N/A	N/A
2010	4/30/10	14,553,194	17,879,996	3,326,802	81.39	1,795,261	185.31

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

N/A - No actuarial valuation was performed. The Village levied \$500,000 for fiscal year end April 30, 2012.

Village of Harwood Heights, Illinois

Illinois Municipal Retirement Fund
SCHEDULE OF FUNDING PROGRESS

April 30, 2013

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)
12/31/12	\$ 2,296,111	\$ 2,961,565	\$ 665,454	77.5 %	\$ 1,130,886	58.8 %
12/31/11	1,941,872	2,401,244	459,372	80.9	988,444	46.5
12/31/10	1,658,811	2,141,909	483,098	77.4	983,333	49.1

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$2,399,146. On a market basis, the funded ratio would be 81.01%

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the Village. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

Village of Harwood Heights, Illinois
 Other Postemployment Benefits
 SCHEDULE OF FUNDING PROGRESS
April 30, 2013

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)
04/30/13	\$ -	\$ 649,573	\$ 649,573	0.0 %	\$ 2,712,495	23.9 %
04/30/12	N/A	N/A	N/A	N/A	N/A	N/A
04/30/11	N/A	N/A	N/A	N/A	N/A	N/A
04/30/10	\$ -	\$ 399,518	\$ 399,518	0.0 %	N/A	N/A %

N/A - Not Available

The Village implemented GASB 45 in its fiscal year ended April 30, 2010.

Village of Harwood Heights, Illinois
 Police Pension Fund
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
April 30, 2013

<u>Year Ended April 30</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2013	\$ 516,412	\$ 582,108	88.71 %	\$ 1,213,265
2012	507,119	N/A	N/A	1,147,569
2011	472,179	576,467	81.91	1,026,877

N/A - The Village did not obtain an actuary report for the year ended April 30, 2012. The Net Pension Obligation was estimated using the prior year annual required contribution and adding interest.

Village of Harwood Heights, Illinois

General Fund

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

Year Ended April 30, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Revenues			
Taxes	\$ 3,153,267	\$ 3,213,313	\$ 60,046
Intergovernmental	1,956,000	2,083,162	127,162
Licenses and permits	485,151	577,783	92,632
Fines	751,000	759,912	8,912
Charges for services	31,001	34,733	3,732
Investment income	1,000	1,330	330
Miscellaneous	463,150	897,971	434,821
Total revenues	<u>6,840,569</u>	<u>7,568,204</u>	<u>727,635</u>
Expenditures			
Current			
General government	1,818,979	1,562,552	(256,427)
Public safety	4,132,316	4,093,893	(38,423)
Public works	1,285,633	1,258,921	(26,712)
Debt service (installment note)			
Principal	-	55	55
Interest	51,505	53,192	1,687
Capital outlay	193,307	264,282	70,975
Total expenditures	<u>7,481,740</u>	<u>7,232,895</u>	<u>(248,845)</u>
Other financing sources (uses)			
Transfer in	442,000	32,943	(409,057)
Loan proceeds	199,171	22,466	(176,705)
Total other financing sources	<u>641,171</u>	<u>55,409</u>	<u>(585,762)</u>
Net change in fund balance	<u>\$ -</u>	390,718	<u>\$ 390,718</u>
Fund balance			
Beginning of year, as restated (Note M)		<u>2,204,089</u>	
End of year		<u>\$ 2,594,807</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, 2013

	Original and Final Budget	Actual	Variance Over / (Under)
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Intergovernmental			
State of Illinois motor fuel tax	\$ 250,000	\$ 245,259	\$ (4,741)
Investment income	195	224	29
	<u> </u>	<u> </u>	<u> </u>
Total revenues	250,195	245,483	(4,712)
	<u> </u>	<u> </u>	<u> </u>
Expenditures			
Public works			
Streets and lighting			
Street light repair	7,500	13,230	5,730
Traffic Light Maint - IDOT	7,620	5,098	(2,522)
Traffic Signal Maint - Meade	2,500	1,621	(879)
Engineering - Ainslie/Argyle	-	1,982	1,982
Engineering - ERP	-	36,707	36,707
Salt	25,000	13,401	(11,599)
Street repair projects	50,000	231,264	181,264
	<u> </u>	<u> </u>	<u> </u>
Total public works	92,620	303,303	210,683
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	92,620	303,303	210,683
	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	\$ <u>157,575</u>	(57,820)	\$ <u>(215,395)</u>
Fund balance			
Beginning of year		<u>263,512</u>	
End of year		\$ <u><u>205,692</u></u>	

Village of Harwood Heights, Illinois

Grant Fund

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND DEFICIT - BUDGET AND ACTUAL

Year Ended April 30, 2013

	Original and Final Budget	Actual	Variance Over / (Under)
Revenues			
Intergovernmental			
CDBG Ainslie/Argyle Revenue	\$ -	\$ 5,947	\$ 5,947
Capital Bill - Roadway Maint and Repairs	1,417,000	138,670	(1,278,330)
Emergency Repair Program (ERP)	625,550	-	(625,550)
IKE Grant	761,734	781,153	19,419
Tobacco Grant Revenue	1,100	1,210	110
ERP Grant Revenue	-	447,258	447,258
ARRA-Montrose Ave Project	-	1,684	1,684
Interest income	-	26	26
Total revenues	<u>2,805,384</u>	<u>1,375,948</u>	<u>(1,429,436)</u>
Expenditures			
Grant Expenditures	<u>2,805,384</u>	<u>1,364,014</u>	<u>(1,441,370)</u>
Total expenditures	<u>2,805,384</u>	<u>1,364,014</u>	<u>(1,441,370)</u>
Net change in fund deficit	\$ <u>-</u>	11,934	\$ <u>11,934</u>
Fund deficit			
Beginning of year		<u>(185,145)</u>	
End of year		<u>\$ (173,211)</u>	

Village of Harwood Heights, Illinois
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2013

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 Bonds Funds, 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 2013 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, 2013 is taken by the Village Board before July 31, 2012. The budget amounts shown in the financial statements are as originally adopted by the Village Board on July 26, 2012.
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.

NOTE B - EXPENDITURES IN EXCESS OF BUDGET

The following funds had expenditures in excess of budget for the year ended April 30, 2013:

<u>Fund</u>	<u>Variance</u>
Motor Fuel Tax	\$ 210,683

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 Bonds 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.

The Grant Fund is a special revenue and is used to account for the use of resources provided by other governmental agencies for specific public works or capital improvements.

Village of Harwood Heights, Illinois

General Fund

SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL

Year Ended April 30, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Revenues			
Taxes			
Property			
General	\$ 343,437	\$ 327,006	\$ (16,431)
Police protection	421,430	407,105	(14,325)
Police pension	500,000	516,212	16,212
Total property taxes	<u>1,264,867</u>	<u>1,250,323</u>	<u>(14,544)</u>
Other taxes			
Home rule sales tax	870,000	884,549	14,549
Video rental tax	5,400	4,492	(908)
Utility	410,000	414,710	4,710
Telecommunications	240,000	226,568	(13,432)
Pull tab	1,000	1,160	160
Gas tax	82,000	78,364	(3,636)
Real estate transfer tax	280,000	353,147	73,147
Total other taxes	<u>1,888,400</u>	<u>1,962,990</u>	<u>74,590</u>
Total taxes	<u>3,153,267</u>	<u>3,213,313</u>	<u>60,046</u>
Intergovernmental revenues			
Taxes			
Personal property replacement tax	5,000	6,128	1,128
Sales tax	1,100,000	1,088,200	(11,800)
State income tax	650,000	776,118	126,118
State local use tax	125,000	136,544	11,544
Bradford reimbursement	50,000	50,000	-
Roads and bridges	26,000	26,172	172
Total intergovernmental revenues	<u>1,956,000</u>	<u>2,083,162</u>	<u>127,162</u>

(Continued)

Village of Harwood Heights, Illinois

General Fund

SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL (Continued)

Year Ended April 30, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Revenues (continued)			
Licenses and permits			
Business licenses	\$ 66,000	\$ 72,332	\$ 6,332
Liquor licenses	33,750	32,275	(1,475)
Overweight truck permits	4,000	1,197	(2,803)
Building permits	165,000	224,902	59,902
Sewer permits	1,200	1,425	225
Plumbing permits	5,000	1,750	(3,250)
Electrical permits	6,000	5,715	(285)
Sign inspections	1	-	(1)
Elevator inspections	2,000	3,250	1,250
Building inspections	10,000	14,300	4,300
Fence permits	500	475	(25)
Franchise fees	65,000	89,963	24,963
Dog tags	200	274	74
Parking Permit	1,500	1,951	451
Vehicle licenses	125,000	127,974	2,974
	<u>485,151</u>	<u>577,783</u>	<u>92,632</u>
Total licenses and permits			
Fines			
Code enforcement fines	10,000	31,095	21,095
Traffic	115,000	240,627	125,627
Overweight trucks	35,000	1,390	(33,610)
Safe Speed	55,000	64,423	9,423
Red Speed	100,000	113,937	13,937
Parking tickets	200,000	190,653	(9,347)
Driving under the influence (DUI)	6,000	8,862	2,862
Compliance tickets	135,000	2,425	(132,575)
Vehicle impound fees	95,000	106,500	11,500
	<u>751,000</u>	<u>759,912</u>	<u>8,912</u>
Total fines			

(Continued)

Village of Harwood Heights, Illinois

General Fund

SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL (Continued)

Year Ended April 30, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Revenues (Continued)			
Charges for services			
Youth program fees	\$ 18,000	\$ 18,459	\$ 459
Hearing fees	1,500	3,265	1,765
Village hearing office	1,000	280	(720)
Escrow bond forfeiture	6,000	8,200	2,200
Police reports	1,000	1,033	33
Rental	1,000	1,167	167
Credit Card Processing	2,500	2,929	429
False alarm fees	1	(600)	(601)
Total charges for services	31,001	34,733	7,636
Investment income			
Interest	1,000	1,330	330
Miscellaneous revenues			
Reimbursements			
Workers' compensation	5,000	10,885	5,885
FEMA	-	-	-
Insurance	26,150	32,472	6,322
Personnel (Guards)	11,000	-	(11,000)
Personnel (Police)	18,000	453,377	435,377
Police	5,000	12,970	7,970
Vacant properties	4,000	8,080	4,080
Special events revenue	5,000	3,900	(1,100)
Garbage fees	298,000	245,321	(52,679)
Other miscellaneous	91,000	130,966	39,966
Total miscellaneous revenues	463,150	897,971	434,821
Total revenues	\$ 6,840,569	\$ 7,568,204	\$ 727,635

(Concluded)

Village of Harwood Heights, Illinois

General Fund

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL

Year Ended April 30, 2013

	Original and Final Budget	Actual	Variance Over / (Under)
Expenditures			
General government			
General management and support			
General administration	\$ 416,678	\$ 350,536	\$ (66,142)
Law department	176,500	199,952	23,452
Finance	542,837	458,164	(84,673)
Building	136,107	149,902	13,795
Total general management and support	<u>1,272,122</u>	<u>1,158,554</u>	<u>(113,568)</u>
Recreation and cultural opportunities	<u>202,604</u>	<u>186,605</u>	<u>(15,999)</u>
Health	<u>44,471</u>	<u>32,879</u>	<u>(11,592)</u>
Budget contingencies	<u>299,782</u>	<u>184,514</u>	<u>(115,268)</u>
Total general government	<u>1,818,979</u>	<u>1,562,552</u>	<u>(256,427)</u>
Public safety			
Police	<u>4,132,316</u>	<u>4,093,893</u>	<u>(38,423)</u>

(Continued)

Village of Harwood Heights, Illinois

General Fund

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)

Year Ended April 30, 2013

	Original and Final Budget	Actual	Variance Over / (Under)
Expenditures (Continued)			
Public works			
Forestry	\$ 35,000	\$ 31,316	\$ (3,684)
Streets and lights	802,633	765,019	(37,614)
Refuse disposal	<u>448,000</u>	<u>462,586</u>	<u>14,586</u>
Total public works	<u>1,285,633</u>	<u>1,258,921</u>	<u>(26,712)</u>
Debt service (installment note)			
Principal	-	55	55
Interest and fiscal charges	<u>51,505</u>	<u>53,192</u>	<u>1,687</u>
Total debt service	<u>51,505</u>	<u>53,247</u>	<u>1,742</u>
Capital outlay			
Village properties	<u>193,307</u>	<u>264,282</u>	<u>70,975</u>
Total expenditures	<u>\$ 7,481,740</u>	<u>\$ 7,232,895</u>	<u>\$ (248,845)</u>
Other financing sources (uses)			
Transfer in	\$ 442,000	\$ 32,943	\$ (409,057)
Loan proceeds	<u>199,171</u>	<u>22,466</u>	<u>(176,705)</u>
Total other financing sources	<u>\$ 641,171</u>	<u>\$ 55,409</u>	<u>\$ (585,762)</u>

(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, 2013

	Original and Final Budget	Actual	Variance Over / (Under)
Revenues			
Investment income	\$ -	\$ -	\$ -
Total revenues	-	-	-
Expenditures			
Current			
General government			
Bond issuance	-	-	-
Bank Fees	-	-	-
Total expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	30,373	30,373
Transfers (out)	-	(32,943)	(32,943)
Total other financing sources (uses)	-	(2,570)	(2,570)
Net change in fund balance	\$ -	(2,570)	\$ (2,570)
Fund balance			
Beginning of year		2,570	
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 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, 2013

	Special Revenue Funds		Debt Service Fund	Total Nonmajor Governmental Funds
	Emergency Telephone System	Criminal Investigation	SSA Debt Service	
ASSETS				
Cash and cash equivalents	\$ 88,213	\$ 11,355	\$ 400,133	\$ 499,701
Receivables				
Other	-	-	1,136	1,136
Total assets	\$ 88,213	\$ 11,355	\$ 401,269	\$ 500,837
LIABILITIES				
Due to other funds	\$ 18,398	\$ 313	\$ 112,587	\$ 131,298
Total liabilities	18,398	313	112,587	131,298
FUND BALANCE				
Reserved for				
Debt service	-	-	288,682	288,682
Public safety	69,815	11,042	-	80,857
Total fund balance	69,815	11,042	288,682	369,539
Total liabilities and fund balances	\$ 88,213	\$ 11,355	\$ 401,269	\$ 500,837

Village of Harwood Heights, Illinois
 Nonmajor Governmental Funds
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
Year Ended April 30, 2013

	Special Revenue Funds		Debt Service Fund	Total Nonmajor Governmental Funds
	Emergency Telephone System	Criminal Investigation	SSA Debt Service	
Revenues				
Taxes	\$ 98,438	\$ -	\$ 218,317	\$ 316,755
Charges for services	-	3,297	-	3,297
Investment income	93	8	1,164	1,265
Total revenues	98,531	3,305	219,481	321,317
Expenditures				
Current				
Public safety	76,959	7,581	-	84,540
Miscellaneous	-	-	9,893	9,893
Debt service				
Principal	-	-	135,000	135,000
Interest	-	-	105,650	105,650
Total expenditures	76,959	7,581	250,543	335,083
Other financing uses				
Transfer out	-	-	(30,373)	(30,373)
Total other financing uses	-	-	(30,373)	(30,373)
Net change in fund balance	21,572	(4,276)	(61,435)	(44,139)
Fund balance				
Beginning of year	48,243	15,318	350,117	413,678
End of year	\$ 69,815	\$ 11,042	\$ 288,682	\$ 369,539

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, 2013

	Original and Final Budget	Actual	Variance Over / (Under)
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Taxes			
911 tax	\$ 115,000	\$ 98,438	\$ (16,562)
Interest income	<u>120</u>	<u>93</u>	<u>(27)</u>
Total revenues	<u>115,120</u>	<u>98,531</u>	<u>(16,589)</u>
Expenditures			
Public safety			
Telephone	30,000	28,075	(1,925)
Seminars and conferences	2,000	1,061	(939)
Maintenance	40,000	46,758	6,758
Bank fees	250	188	(62)
Service contracts	<u>32,000</u>	<u>877</u>	<u>(31,123)</u>
Total public safety	104,250	76,959	(27,291)
Capital outlay			
Other equipment	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
Total expenditures	<u>108,250</u>	<u>76,959</u>	<u>(31,291)</u>
Net change in fund balance	\$ <u><u>6,870</u></u>	21,572	\$ <u><u>14,702</u></u>
Fund balance			
Beginning of year		<u>48,243</u>	
End of year		\$ <u><u>69,815</u></u>	

PROPRIETARY FUND

Enterprise Fund

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

Village of Harwood Heights, Illinois

Water and Sewer Fund

SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL

Year Ended April 30, 2013

	Original and Final Budget	Actual	Variance Over / (Under)
Operating revenues			
Charges for sales and services			
Water sales	\$ 1,386,824	\$ 1,447,026	\$ 60,202
Sewer fees	292,500	218,328	(74,172)
Water taps	10,000	2,277	(7,723)
Meter sales	32,500	71,150	38,650
Water miscellaneous	3,000	2,675	(325)
Total charges for sales and services	1,724,824	1,741,456	16,632
Penalties	30,000	20,763	(9,237)
Total operating revenues	1,754,824	1,762,219	7,395
Nonoperating revenues			
Antenna leasing	29,682	30,572	890
Interest income	600	520	(80)
Transfer In	293,220	-	(293,220)
Total nonoperating revenues	323,502	31,092	(292,410)
Total revenues	\$ 2,078,326	\$ 1,793,311	\$ (285,015)

Village of Harwood Heights, Illinois

Water and Sewer Fund

SCHEDULE OF DETAILED EXPENSES - BUDGET AND ACTUAL

Year Ended April 30, 2013

	Original and Final Budget	Actual	Variance Over / (Under)
Operating expenses			
Personal services			
Water Commissioner	\$ 6,600	\$ 6,600	\$ -
Collector	1,800	-	(1,800)
Meter reading	15,000	14,240	(760)
Services - maintenance men	317,000	317,000	-
Services - office clerks	125,000	125,000	-
Supplies	15,000	-	(15,000)
Fica taxes	-	1,594	1,594
State unemployment tax	-	115	115
	<hr/>	<hr/>	<hr/>
Total personal services	480,400	464,549	(15,851)
Commodities			
Office supplies	2,000	-	(2,000)
Building maintenance supplies	1,000	1,900	900
Vehicle gas and oil	15,000	8,777	(6,223)
Purchase of water	730,000	771,049	41,049
Electric power and gas	20,000	3,969	(16,031)
Chlorine	1,200	883	(317)
Pump room supplies	2,000	1,157	(843)
Outside maintenance supplies	10,000	13,105	3,105
Hydrant parts	2,600	769	(1,831)
New meter purchases (Commercial)	40,000	47,732	7,732
New meter purchases (Residential)	111,000	115,438	4,438
Uniforms	1,500	812	(688)
	<hr/>	<hr/>	<hr/>
Total commodities	936,300	965,591	29,291

(Continued)

Village of Harwood Heights, Illinois

Water and Sewer Fund

SCHEDULE OF DETAILED EXPENSES - BUDGET AND ACTUAL (Continued)

Year Ended April 30, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Operating expenses (continued)			
Other services			
City of Chicago sewer fees	\$ 227,500	\$ 205,499	\$ (22,001)
Engineering	30,000	-	(30,000)
Telephone	5,300	2,549	(2,751)
Postage	7,000	7,500	500
Legal fees	2,000	730	(1,270)
Water testing	7,000	5,171	(1,829)
Dues, lectures, and conference fees	2,500	1,684	(816)
Auditing	6,000	1,000	(5,000)
Street, sidewalk, and parkway repair	20,000	2,396	(17,604)
Main testing and maintenance	5,000	9,544	4,544
Office equipment maintenance	500	112	(388)
Buildings and grounds maintenance	2,000	723	(1,277)
Reservoir and tower maintenance	13,000	2,956	(10,044)
Equipment maintenance	3,000	701	(2,299)
Vehicle repair and maintenance	13,000	8,881	(4,119)
Outside service - breaks	1	3,602	3,601
Outside service - taps	2,000	-	(2,000)
Water service - miscellaneous	1,500	543	(957)
Printing	1,000	565	(435)
Single family flood relief grant	10,500	4,500	(6,000)
Insurance-property, liability, and auto	23,900	37,672	13,772
Sewer Repair	8,000	11,698	3,698
Contractual services - I.T.	3,000	-	(3,000)
Contractual services - security	4,000	1,052	(2,948)
Contractual services - innovative	2,000	1,250	(750)
Contractual services - census	2,000	1,733	(267)
Contractual services - generator	925	242	(683)
Dump Fees	7,000	7,856	856
Catch Basin Repairs	2,000	-	(2,000)
	<u>411,626</u>	<u>320,159</u>	<u>(91,467)</u>

(Continued)

Village of Harwood Heights, Illinois

Water and Sewer Fund

SCHEDULE OF DETAILED EXPENSES - BUDGET AND ACTUAL (Continued)

Year Ended April 30, 2013

	Original and Final Budget	Actual	Variance Over / (Under)
Operating expenses (continued)			
Capital outlay			
Equipment	\$ 7,400	\$ 5,786	\$ (1,614)
Fire hydrants	24,600	1,905	(22,695)
Oriole	15,000	2,320	(12,680)
Water	155,000	-	(155,000)
Utilities	48,000	-	(48,000)
	<u>250,000</u>	<u>10,011</u>	<u>(239,989)</u>
Depreciation	<u>-</u>	<u>57,911</u>	<u>57,911</u>
Total operating expenses	\$ <u>2,078,326</u>	\$ <u>1,818,221</u>	\$ <u>(260,105)</u>

(Concluded)

FIDUCIARY FUND

Agency Fund

The Special Service Area Agency Fund is used to account for the assets, liabilities, and the changes that belong to the special service area.

Village of Harwood Heights, Illinois
 Fiduciary Fund
 Special Service Area Agency Fund
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
Year Ended April 30, 2013

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balances</u>
ASSETS				
Cash	\$ 98,892	\$ -	\$ (10,441)	\$ 88,451
Due from other funds	<u>-</u>	<u>10,342</u>	<u>-</u>	<u>10,342</u>
Total assets	<u>\$ 98,892</u>	<u>\$ 10,342</u>	<u>\$ (10,441)</u>	<u>\$ 98,793</u>
LIABILITIES				
Due to property owners	<u>\$ 98,892</u>	<u>\$ -</u>	<u>\$ (99)</u>	<u>\$ 98,793</u>
Total liabilities	<u>\$ 98,892</u>	<u>\$ -</u>	<u>\$ (99)</u>	<u>\$ 98,793</u>

OTHER SUPPLEMENTAL INFORMATION (Unaudited)

Village of Harwood Heights, Illinois
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Last Five Years

	2013**	2012**	2011	2010	2009
Revenues					
Taxes	\$ 3,910,883	\$ 4,060,950	\$ 3,856,463	\$ 3,630,111	\$ 3,748,180
Intergovernmental	3,704,343	2,476,994	2,503,350	2,427,535	2,074,130
Licenses and Permits	577,783	405,655	390,189	281,826	331,577
Fines	759,912	715,279	797,553	650,526	272,630
Charges for Services	38,030	40,008	55,642	123,265	20,105
Investment Income	3,130	3,731	7,553	10,075	44,641
Miscellaneous	897,971	1,117,397	1,072,979	462,872	82,150
Total Revenues	9,892,052	8,820,014	8,683,729	7,586,210	6,573,413
Expenditures					
General Government	1,562,552	1,381,726	1,431,195	1,632,449	1,558,685
Public Safety	4,178,433	4,072,129	3,929,959	4,088,584	4,044,711
Public Works	1,562,224	1,687,894	1,282,919	555,032	593,137
Grant Expenditures	1,364,014	357,633	588,746	100,106	50,000
Miscellaneous	9,893	8,873	13,191	331,135	18,987
Capital Outlay	264,282	238,052	115,828	310,722	1,748,004
Debt Service					
Principal	425,055	572,762	652,510	618,808	345,785
Interest	238,570	239,951	269,428	260,252	273,433
Total Expenditures	9,605,023	8,559,020	8,283,776	7,897,088	8,632,742
Other Financing Sources (Uses)					
Transfer (out)	-	(989)	-	(893,150)	-
Transfer in	-	989	20,985	869,912	-
Loan Proceeds	22,466	210,255	1,102,534	-	-
Total Other Financing Sources (Uses)	22,466	210,255	1,123,519	(23,238)	-
Net Change in Fund Balance	309,495	471,249	1,523,472	(334,116)	(2,059,329)
Fund Balance					
Beginning of Year	3,110,436	3,961,376	2,437,904	2,772,020	4,831,349
End of Year	<u>\$ 3,419,931</u>	<u>\$ 4,432,625</u>	<u>\$ 3,961,376</u>	<u>\$ 2,437,904</u>	<u>\$ 2,772,020</u>

**Note: See Note M for the restatement of beginning fund balance for the year ended April 30, 2013.

Village of Harwood Heights, Illinois
NET POSITION BY COMPONENT
Last Five Fiscal Years

	2013	2012	2011	2010	2009
Governmental activities					
Investment in capital assets net of related debt	\$ 7,764,490	\$ 6,315,694	\$ 6,084,016	\$ 5,837,274	\$ 5,335,018
Restricted	998,335	1,853,341	2,139,396	996,642	1,664,718
Unrestricted	(787,587)	(454,428)	(1,048,258)	(226,512)	(509,629)
Total governmental activities	7,975,238	7,714,607	7,175,154	6,607,404	6,490,107
Business-type activities					
Investment in capital assets net of related debt	1,426,843	1,440,254	1,457,257	1,508,067	1,561,446
Unrestricted	704,329	715,828	940,031	827,991	775,478
Total business-type activities	2,131,172	2,156,082	2,397,288	2,336,058	2,336,924
Total	10,106,410	\$ 9,870,689	\$ 9,572,442	\$ 8,943,462	\$ 8,827,031