

**The Village of
Harwood Heights, Illinois**

Annual Financial Report

Year Ended April 30, 2015

Village of Harwood Heights, Illinois
ANNUAL FINANCIAL REPORT
Year Ended April 30, 2015

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(Concluded)

INTRODUCTORY SECTION

Village of Harwood Heights

PRINCIPAL OFFICIALS

Year Ended April 30, 2015

Arlene Jezierny, Mayor

Marcia Pollowy, Village Clerk

Joseph Russo, Treasurer

Board of Trustees

Lawrence Steiner

Lester Szlendak

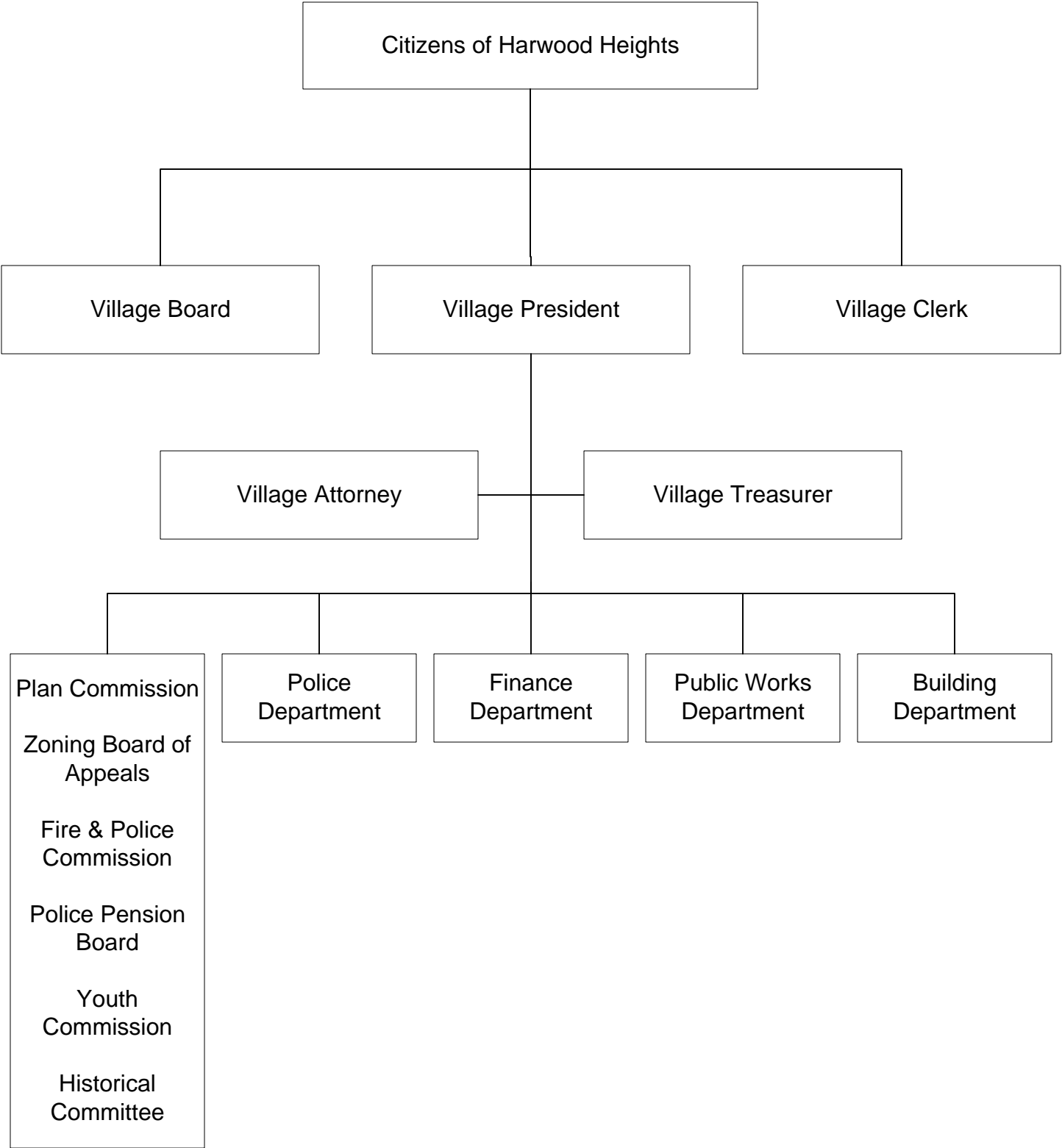
Michael Gadzinski

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, 2015, 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. 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.

(Continued)

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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Harwood Heights, Illinois, as of April 30, 2015, 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 Matter

As discussed in Note A-15 to the financial statements, during the year ended April 30, 2015 the Village's Police Pension Plan implemented the provisions of GASB Statement No 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*. Our opinions are not modified with respect to this matter.

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 schedules of funding progress for the Illinois Municipal Retirement Fund, other postemployment benefits, and Police Pension Fund on page 70 - 72, Police Pension Fund pension data on pages 73 - 75, and budgetary comparison schedules and notes to required supplementary information on pages 76 through 79 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.

(Continued)

Other Information

Our audit for the year ended April 30, 2015 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 for the year ended April 30, 2015.

The introductory sections and other supplemental information 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.

MILLER, COOPER & CO., LTD.



Certified Public Accountants

Deerfield, Illinois
February 23, 2016

Village of Harwood Heights, Illinois
Management's Discussion and Analysis
April 30, 2015

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 governmental funds. Both perspectives (government-wide and governmental 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 Village. The statement of net position presents information on all of the Village's assets, liabilities, and deferred inflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

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, 2015

FUND FINANCIAL STATEMENTS

Primary users of governmental financial statements will find the governmental 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 appropriation 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 or agency 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.

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.

Village of Harwood Heights, Illinois

Management's Discussion and Analysis

April 30, 2015

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 70-79 of this report.

Additional information on governmental funds is presented following the required supplementary information in the supplementary information section. Combining and individual fund statements and appropriation comparison schedules for nonmajor governmental funds can be found on pages 80-90 of this report.

Infrastructure Assets

The Village's largest group of assets consists of infrastructure assets and water and sewer systems (land, streets, storm sewers, etc.). These assets are valued and reported in both governmental activities and business-type activities in the government-wide financial 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 STATEMENTS

Statement of Net Position

Net position is defined as the amount by which assets exceed liabilities and deferred inflows of resources. Net position can be a useful indicator of a government's financial condition. As of April 30, 2015, assets exceeded deferred inflows and liabilities by \$12,024,243. The following condensed Statement of Net Position compares the current and prior fiscal years.

A significant portion of the Village's net position reflects its investment in capital assets, net of depreciation (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, 2015

During fiscal year 2011, the Village purchased land in the amount of \$1 million. The land purchase has been included in the Village's computation of net assets since acquisition. During fiscal year 2015, the Village sold the land for \$950,000, resulting in a reduction of total assets as reflected on the Statement of Net Position.

Statement of Net Position

As of April 30, 2015

	Governmental Activities		Business-Type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
Assets						
Current/ Other Assets	\$ 5,366,678	\$ 6,188,375	\$ 402,550	\$ 781,531	\$ 5,769,228	\$ 6,969,906
Capital Assets	13,723,255	13,728,440	2,222,272	1,475,380	15,945,527	15,203,820
Total Assets	19,089,933	19,916,815	2,624,822	2,256,911	21,714,755	22,173,726
Liabilities						
Current/Other Liabilities	496,833	720,869	318,809	197,085	815,642	917,954
Long-term Liabilities	7,964,994	8,688,846	49,275	-	8,014,269	8,688,846
Total Liabilities	8,461,827	9,409,715	368,084	197,085	8,829,911	9,606,800
Deferred Inflows of Resources	860,601	852,000	-	-	860,601	852,000
Total Deferred Inflows	860,601	852,000	-	-	860,601	852,000
Net Position						
Net Investment in Capital Assets	9,818,034	9,592,398	2,172,997	1,475,380	11,991,031	11,067,778
Restricted for Enabling Legislation	841,223	579,010	-	-	841,223	579,010
Restricted for Debt Service	295,938	769,286	-	-	295,938	769,286
Unrestricted	(1,187,690)	(1,285,594)	83,741	584,446	(1,103,949)	(701,148)
Total Net Position	\$ 9,767,505	\$ 9,655,100	\$ 2,256,738	\$ 2,059,826	\$12,024,243	\$11,714,926

Village of Harwood Heights, Illinois

Management's Discussion and Analysis

April 30, 2015

Changes in Net Position

The following table compares revenue and expenses and net position for the current and prior fiscal year.

Changes in Net Position For the Fiscal Year Ended April 30, 2015						
	Governmental Activities		Business-Type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues						
Charges for Services	\$ 1,845,186	\$ 2,474,540	\$ 2,115,891	\$ 1,907,096	\$ 3,961,077	\$ 4,381,636
Operating Grants	2,219	800	-	-	2,219	800
Capital Grants	-	1,207,480	200,000	-	200,000	1,207,480
General Revenues						
Taxes	4,147,841	4,269,245	-	-	4,147,841	4,269,245
Intergovernmental	2,495,891	2,702,948	-	-	2,495,891	2,702,948
Interest	2,007	2,213	199	222	2,206	2,435
Other	-	-	22,111	-	22,111	-
Total Revenues	8,493,144	10,657,226	2,338,201	1,907,318	10,831,345	12,564,544
Expenses						
General Government	1,949,607	2,416,541	-	-	1,949,607	2,416,541
Public Safety	4,700,701	4,688,927	-	-	4,700,701	4,688,927
Public Works	1,477,976	1,642,046	-	-	1,477,976	1,642,046
Interest	252,455	229,850	-	-	252,455	229,850
Water	-	-	2,141,289	1,978,664	2,141,289	1,978,664
Total Expenses	8,380,739	8,977,364	2,141,289	1,978,664	10,522,028	10,956,028
Excess (Deficiency)	112,405	1,679,862	196,912	(71,346)	309,317	1,608,516
Change in Net Position	112,405	1,679,862	196,912	(71,346)	309,317	1,608,516
Beginning Net Position	9,655,100	7,975,238	2,059,826	2,131,172	11,714,926	10,106,410
Ending Net Position	\$ 9,767,505	\$ 9,655,100	\$ 2,256,738	\$ 2,059,826	\$12,024,243	\$11,714,926

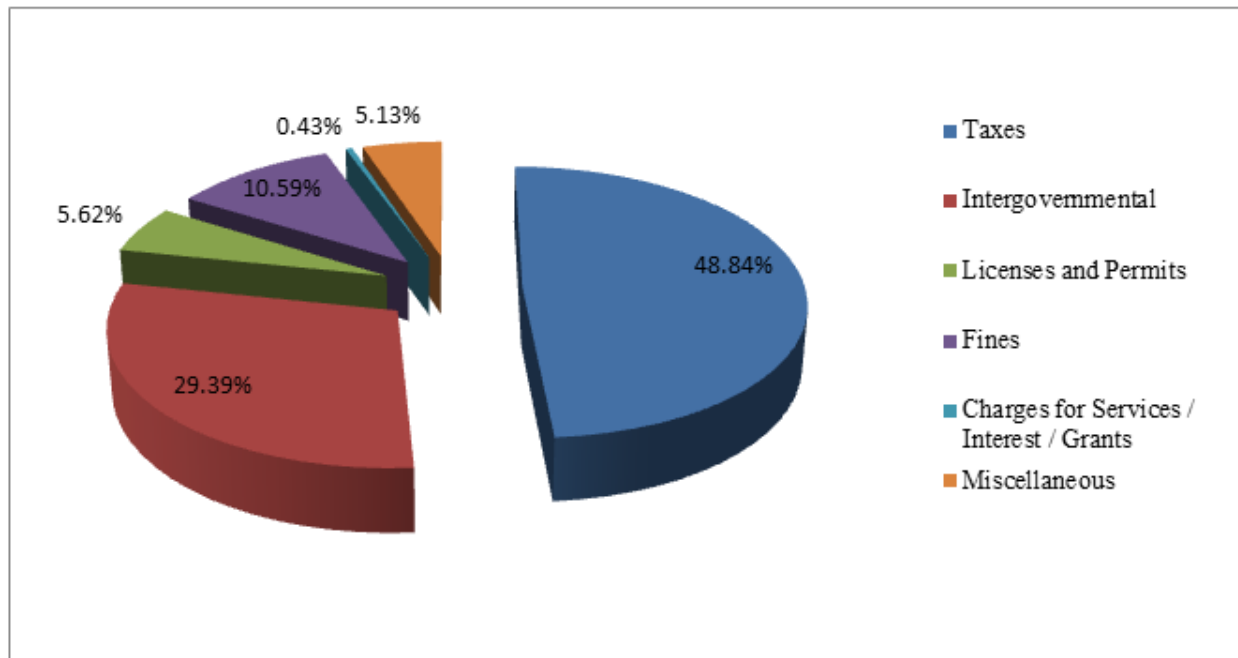
Village of Harwood Heights, Illinois Management's Discussion and Analysis April 30, 2015

GOVERNMENT-WIDE REVENUE

Revenue For the Fiscal Year Ended April 30, 2015

	Governmental Activities		Business-Type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Taxes	\$ 4,147,841	\$ 4,269,245	\$ -	\$ -	\$ 4,147,841	\$ 4,269,245
Intergovernmental	2,495,891	2,702,948	-	-	2,495,891	2,702,948
Licenses and Permits	477,486	395,766	-	-	477,486	395,766
Fines	899,185	1,145,097	-	-	899,185	1,145,097
Charges for Services	32,467	51,446	2,115,891	1,875,303	2,148,358	1,926,749
Interest	2,007	2,213	199	222	2,206	2,435
Grants	2,219	1,208,280	200,000	-	202,219	1,208,280
Miscellaneous	436,048	882,231	22,111	31,793	458,159	914,024
Total Revenues	\$8,493,144	\$10,657,226	\$2,338,201	\$1,907,318	\$10,831,345	\$12,564,544

Percent of Governmental Activity Revenue by Category



Village of Harwood Heights, Illinois

Management's Discussion and Analysis

April 30, 2015

Governmental Activities Revenue

Governmental activities revenue totaled approximately \$8.5 million, with taxes comprising 48.84% of total revenues for fiscal year 2015. State sales tax and home rule sales tax increased by approximately \$248,000 and were the two largest sources of revenue for the period at \$1,263,124 and \$1,066,823, respectively. State income taxes, a State shared revenue, totaled \$713,248 for the fiscal year, a 26% decrease from the previous year. Utility taxes generated \$440,285 in revenues and Village licenses and permit fees totaled \$477,486.

Business-Type Activities 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 2015 totaled \$2,048,215.

Revenues for water taps, meter sales, and miscellaneous operating revenues totaled \$17,675, while operating revenues from penalties totaled \$50,001. Non-operating income of \$22,310 was produced by investment income and antenna leasing.

GOVERNMENT-WIDE EXPENSES

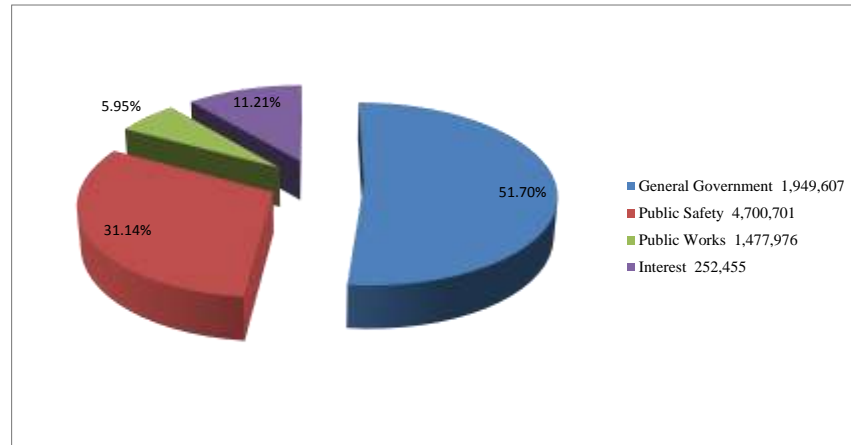
Expenses						
For the Fiscal Year Ended April 30, 2015						
	Governmental Activities		Business-Type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
Expenses						
General Government	1,949,607	2,416,541	-	-	1,949,607	2,416,541
Public Safety	4,700,701	4,688,927	-	-	4,700,701	4,688,927
Public Works	1,477,976	1,642,046	-	-	1,477,976	1,642,046
Interest	252,455	229,850	-	-	252,455	229,850
Water and Sewer	-	-	2,141,289	1,978,664	2,141,289	1,978,664
Total Expenses	8,380,739	8,977,364	2,141,289	1,978,664	10,522,028	10,956,028

Governmental Activities Expenses

Governmental activities expended \$8.38 million in fiscal year ended April 30, 2015 as compared to \$8.98 million in the previous fiscal year. Public safety expenses of \$4.7 million comprised the largest expenditure and include police department operating expenses. General government expenses totaled \$1.95 million, and include general administration, law department, finance, building, recreational and cultural opportunities, and health. Public works related expenses totaled \$1.48 million.

Village of Harwood Heights, Illinois Management's Discussion and Analysis April 30, 2015

Percent of Governmental Activity Expenses by Category



Business-Type Activities Expenses

In 2015, the Water and Sewer Department's commodities and operating expenses totaled \$2,141,289 million, which includes \$1,024,966 for water purchased which increased by 14.6% compared to the previous year, and \$311,129 for sewer fees which increased by 24% compared to the previous year. Personnel services in the amount of \$455,260 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, 2015, the governmental funds reported an ending fund balance of \$4.0 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 2015, the Village was not required to amend its appropriation ordinance. General Fund revenue came in under budget by \$980,056, or 11.73%. General Fund expenditures came in under budget by \$664,495, or 7.26%. The following tables compare appropriated amounts and actual Fiscal Year 2015 General Fund revenues and expenditures.

**Village of Harwood Heights, Illinois
Management's Discussion and Analysis
April 30, 2015**

General Fund Revenue

	FY2015	FY2015	Dollar	Percent
	Appropriation	Actual	Variance	Variance
Revenues				
Taxes	\$ 3,253,067	\$ 3,356,050	\$ 102,983	3.17%
Intergovernmental	2,148,000	2,173,805	25,805	1.20%
Licenses and Permits	427,076	477,486	50,410	11.80%
Fines	1,130,500	899,185	(231,315)	-20.46%
Charges for Services	26,101	28,466	2,365	9.06%
Interest	1,000	648	(352)	-35.20%
Miscellaneous Revenues	1,366,000	436,048	(929,952)	-68.08%
Total Revenues	\$ 8,351,744	\$ 7,371,688	\$ (980,056)	-11.73%

General Fund Expenditures

	FY2015	FY2015	Dollar	Percent
	Appropriation	Actual	Variance	Variance
Expenditures				
General Government	\$ 1,680,230	\$ 1,671,146	\$ (9,084)	-0.54%
Public Safety	4,658,004	4,424,100	(233,904)	-5.02%
Public Works	1,116,557	1,080,595	(35,962)	-3.22%
Debt Service	1,137,104	1,093,550	(43,554)	-3.83%
Capital Outlay	559,464	217,473	(341,991)	-61.13%
Total Expenditures	\$ 9,151,359	\$ 8,486,864	\$ (664,495)	-7.26%

Capital Assets

At the end of the fiscal year 2015, the Village had a combined total government net capital assets of \$15.95 million invested in a broad range of capital assets including land, construction in progress, buildings, vehicles, streets, water mains, and sewer lines.

Village of Harwood Heights, Illinois

Management's Discussion and Analysis

April 30, 2015

Total Capital Assets at Fiscal Year End Net of Depreciation

Asset Type	Governmental Activities		Business-Type Activity		Total Government	
	2015	2014	2015	2014	2015	2014
Construction in Process	\$ -	\$ -	\$ 252,531	\$ -	\$ 252,531	\$ -
Land	629,428	629,428	-	-	629,428	629,428
Buildings	4,747,817	4,711,628	-	-	4,747,817	4,711,628
Machinery and Equipment	408,231	421,437	190,965	130,160	599,196	551,597
Land Improvements	16,049	18,444	-	-	16,049	18,444
Infrastructure	7,921,730	7,947,503	1,778,776	1,345,220	9,700,506	9,292,723
Total Capital Assets	\$13,723,255	\$13,728,440	\$ 2,222,272	\$ 1,475,380	\$15,945,527	\$15,203,820

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

Debt Administration

The Village's debt is rated "AA Stable" by Standard and Poor's. During the fiscal year ended April 30, 2015, the Village refunded the 2003 and 2006B general obligation bonds entirely and issued the \$4,100,000 Series 2015 general obligation bonds. The debt restructuring allowed the Village to finance various capital projects, provided a theoretical economics gain (difference between the reacquisition price and net carrying amount of old debt) of approximately \$260,000. The restructuring also reduced the Special Service Area tax term by four years and created room to fund the Village's water distribution infrastructure project. 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. 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, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current			
Cash and cash equivalents	\$ 3,046,974	\$ 628,755	\$ 3,675,729
Receivables (net of allowance for uncollectibles)	1,689,665	270,126	1,959,791
Prepaid items	77,316	56,392	133,708
Noncurrent assets			
Internal balances	552,723	(552,723)	-
Capital assets not being depreciated	629,428	252,531	881,959
Capital assets, net of accumulated depreciation	<u>13,093,827</u>	<u>1,969,741</u>	<u>15,063,568</u>
Total assets	<u>19,089,933</u>	<u>2,624,822</u>	<u>21,714,755</u>
LIABILITIES			
Current			
Accounts payable	119,187	318,809	437,996
Accrued payroll liabilities	20,845	-	20,845
Deposits payable	149,542	-	149,542
Accrued interest	9,117	-	9,117
Due to fiduciary funds	32,254	-	32,254
Unearned revenue	165,888	-	165,888
Noncurrent			
Due within one year	673,910	12,626	686,536
Due in more than one year	<u>7,291,084</u>	<u>36,649</u>	<u>7,327,733</u>
Total liabilities	<u>8,461,827</u>	<u>368,084</u>	<u>8,829,911</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for a future period	<u>860,601</u>	<u>-</u>	<u>860,601</u>
Total deferred inflows	<u>860,601</u>	<u>-</u>	<u>860,601</u>
NET POSITION			
Net investment in capital assets	9,818,034	2,172,997	11,991,031
Restricted by enabling legislation	841,223	-	841,223
Restricted by enabling legislation, for debt service	295,938	-	295,938
Unrestricted	<u>(1,187,690)</u>	<u>83,741</u>	<u>(1,103,949)</u>
Total net position	<u>\$ 9,767,505</u>	<u>\$ 2,256,738</u>	<u>\$ 12,024,243</u>

The accompanying notes are an integral part of this statement.

Village of Harwood Heights, Illinois

STATEMENT OF ACTIVITIES

Year Ended April 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants
Governmental activities				
General government	\$ 1,949,607	\$ 468,515	\$ -	\$ -
Public safety	4,700,701	899,185	2,219	-
Public works	1,477,976	477,486	-	-
Interest	252,455	-	-	-
Total governmental activities	8,380,739	1,845,186	2,219	-
Business-type activities				
Water and sewer	2,141,289	2,115,891	-	200,000
Total	\$ 10,522,028	\$ 3,961,077	\$ 2,219	\$ 200,000
General revenues				
Taxes				
Intergovernmental				
Interest				
Other				
Total general revenues				
Change in net position				
Net position - beginning of year				
Net position - end of year				

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (1,481,092)	\$ -	\$ (1,481,092)
(3,799,297)	-	(3,799,297)
(1,000,490)	-	(1,000,490)
(252,455)	-	(252,455)
(6,533,334)	-	(6,533,334)
-	174,602	174,602
(6,533,334)	174,602	(6,358,732)
4,147,841	-	4,147,841
2,495,891	-	2,495,891
2,007	199	2,206
-	22,111	22,111
6,645,739	22,310	6,668,049
112,405	196,912	309,317
9,655,100	2,059,826	11,714,926
\$ 9,767,505	\$ 2,256,738	\$ 12,024,243

Village of Harwood Heights, Illinois

Governmental Funds

BALANCE SHEET

April 30, 2015

	General	Motor Fuel Tax	Grant	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,801,053	\$ 268,711	\$ 28,349	\$ 948,861	\$ 3,046,974
Receivables, net of allowances					
Property taxes	667,822	-	-	189,779	857,601
Intergovernmental	652,768	20,030	-	-	672,798
Other	159,266	-	-	-	159,266
Prepays	77,316	-	-	-	77,316
Advances to other funds	1,421,178	459,745	36,903	342,611	2,260,437
	<u>1,421,178</u>	<u>459,745</u>	<u>36,903</u>	<u>342,611</u>	<u>2,260,437</u>
Total assets	<u>\$ 4,779,403</u>	<u>\$ 748,486</u>	<u>\$ 65,252</u>	<u>\$ 1,481,251</u>	<u>\$ 7,074,392</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 50,933	\$ -	\$ 68,254	\$ -	\$ 119,187
Accrued payroll liabilities	20,845	-	-	-	20,845
Deposits payable	149,542	-	-	-	149,542
Advances from other funds	777,356	-	829,917	100,441	1,707,714
Due to fiduciary funds	32,254	-	-	-	32,254
Unearned revenue	165,888	-	-	-	165,888
	<u>1,196,818</u>	<u>-</u>	<u>898,171</u>	<u>100,441</u>	<u>2,195,430</u>
Total liabilities	<u>1,196,818</u>	<u>-</u>	<u>898,171</u>	<u>100,441</u>	<u>2,195,430</u>
DEFERRED INFLOWS					
Unavailable revenue -					
property taxes	670,822	-	-	189,779	860,601
	<u>670,822</u>	<u>-</u>	<u>-</u>	<u>189,779</u>	<u>860,601</u>
Total deferred inflows	<u>670,822</u>	<u>-</u>	<u>-</u>	<u>189,779</u>	<u>860,601</u>
Fund balances (deficit)					
Nonspendable					
Prepays	77,316	-	-	-	77,316
Advances to other funds	1,421,178	459,745	36,903	342,611	2,260,437
Restricted					
Special revenue funds	-	288,741	-	126,293	415,034
Debt service	-	-	-	295,938	295,938
Capital projects	-	-	-	426,189	426,189
Unassigned	1,413,269	-	(869,822)	-	543,447
	<u>1,413,269</u>	<u>-</u>	<u>(869,822)</u>	<u>-</u>	<u>543,447</u>
Total fund balance (deficit)	<u>2,911,763</u>	<u>748,486</u>	<u>(832,919)</u>	<u>1,191,031</u>	<u>4,018,361</u>
Total liabilities and fund balance	<u>\$ 4,779,403</u>	<u>\$ 748,486</u>	<u>\$ 65,252</u>	<u>\$ 1,481,251</u>	<u>\$ 7,074,392</u>

The accompanying notes are an integral part of this statement.

Village of Harwood Heights, Illinois
Governmental Funds
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
April 30, 2015

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

Total fund balance - governmental funds	\$ 4,018,361
Net capital assets used in governmental activities and included in the statement of net position do not require the expenditure of financial resources and, therefore, are not reported in the governmental funds balance sheet.	13,723,255
Long-term liabilities included in the statement of net position are not due and payable in the current period and, accordingly, are not reported in the governmental funds balance sheet.	<u>(7,974,111)</u>
Net position - governmental activities	\$ <u><u>9,767,505</u></u>

Village of Harwood Heights, Illinois

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)

Year Ended April 30, 2015

	General	Motor Fuel Tax	Grant	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 3,356,050	\$ -	\$ -	\$ 791,791	\$ 4,147,841
Intergovernmental	2,173,805	322,086	2,219	-	2,498,110
Licenses and permits	477,486	-	-	-	477,486
Fines	899,185	-	-	-	899,185
Charges for services	28,466	-	-	4,001	32,467
Investment income	648	34	29	1,296	2,007
Miscellaneous	436,048	-	-	-	436,048
Total revenues	7,371,688	322,120	2,248	797,088	8,493,144
Expenditures					
Current					
General government	1,671,146	-	-	-	1,671,146
Public safety	4,424,100	-	-	74,179	4,498,279
Public works	1,080,595	49,201	-	-	1,129,796
Miscellaneous	-	-	-	11,459	11,459
Capital outlay	217,473	-	141,498	279,716	638,687
Debt service					
Principal	1,079,526	-	-	465,000	1,544,526
Interest and other	14,024	-	-	251,395	265,419
Total expenditures	8,486,864	49,201	141,498	1,081,749	9,759,312
Excess (deficiency) of revenues over expenditures	(1,115,176)	272,919	(139,250)	(284,661)	(1,266,168)
Other financing sources (uses)					
Issuance of debt	-	-	-	4,100,000	4,100,000
Premium on bonds sold	-	-	-	67,226	67,226
Payment on refunded debt	-	-	-	(3,564,263)	(3,564,263)
Transfers in	-	-	-	300,000	300,000
Transfers out	-	-	-	(300,000)	(300,000)
Total other financing sources (uses)	-	-	-	602,963	602,963
Net change in fund balances	(1,115,176)	272,919	(139,250)	318,302	(663,205)
Fund balance (deficit)					
Beginning of year	4,026,939	475,567	(693,669)	872,729	4,681,566
End of year	\$ 2,911,763	\$ 748,486	\$ (832,919)	\$ 1,191,031	\$ 4,018,361

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, 2015

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

Net change in fund balances - total governmental funds	\$ (663,205)
--	--------------

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.	(5,185)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	<u>780,795</u>
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Change in net position - governmental activities	<u>\$ 112,405</u>
--	-------------------

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, 2015

ASSETS

Current

Cash and cash equivalents	\$ 628,755
Customer receivables (net of allowance for uncollectibles)	270,126
Prepaid items	<u>56,392</u>

Total current assets 955,273

Capital assets not being depreciated 252,531

Capital assets, net of accumulated depreciation 1,969,741

Total assets 3,177,545

LIABILITIES

Current

Accounts payable 318,809

Noncurrent

Advances from other funds 552,723

Due within one year 12,626

Due in more than one year 36,649

Total liabilities 920,807

NET POSITION

Net investment in capital assets 2,172,997

Unrestricted 83,741

Total net position \$ 2,256,738

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, 2015

OPERATING REVENUES	
Charges for services	\$ 2,065,890
Penalties	<u>50,001</u>
Total operating revenues	<u>2,115,891</u>
OPERATING EXPENSES	
Current	
Personal services	472,047
Commodities	1,086,848
Other services	478,921
Capital outlay	9,946
Depreciation	<u>93,150</u>
Total operating expenses	<u>2,140,912</u>
OPERATING LOSS	<u>(25,021)</u>
NONOPERATING REVENUES (EXPENSES)	
Grant revenue	200,000
Other	22,111
Interest income	199
Interest expense	<u>(377)</u>
Total nonoperating revenues	<u>221,933</u>
CHANGE IN NET POSITION	196,912
TOTAL NET POSITION	
Beginning of year	<u>2,059,826</u>
End of year	<u><u>\$ 2,256,738</u></u>

The accompanying notes are an integral part of this statement.

Village of Harwood Heights, Illinois

Water and Sewer Fund - Proprietary Fund

STATEMENT OF CASH FLOWS

Year Ended April 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,076,607
Cash paid to suppliers for goods and services	(1,454,545)
Cash paid to employees for services	<u>(472,047)</u>
Net cash provided by operating activities	<u>150,015</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Change in due from/to other funds	293,722
Cash received from intergovernmental revenues (grant)	<u>200,000</u>
Net cash provided by noncapital financing activities	<u>493,722</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Acquisition of capital assets	(840,042)
Proceeds from capital leases	52,375
Principal payments on capital leases	(3,100)
Interest paid on capital leases	<u>(377)</u>
Net cash used in capital financing activities	<u>(791,144)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	199
Antenna leasing	<u>22,111</u>
Net cash provided by investing activities	<u>22,310</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(125,097)
CASH AND CASH EQUIVALENTS	
Beginning of year	<u>753,852</u>
End of year	<u><u>\$ 628,755</u></u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	\$ (25,021)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	93,150
Changes in assets and liabilities	
Accounts receivable	(39,284)
Accounts payable	121,724
Prepaid items	<u>(554)</u>
Net cash provided by operating activities	<u><u>\$ 150,015</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, 2015

	Police Pension Fund	Agency Fund
	Police Pension	Special Service Area
ASSETS		
Cash and cash equivalents	\$ 183,146	\$ 80,909
Investments	16,450,103	-
Accrued interest receivable	89,952	-
Due from the Village	14,366	17,888
Total assets	<u>16,737,567</u>	<u>\$ 98,797</u>
LIABILITIES		
Accounts payable	\$ 11,472	\$ -
Due to property owners	-	98,797
Total liabilities	<u>\$ 11,472</u>	<u>\$ 98,797</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 16,726,095</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, 2015

ADDITIONS

Contributions	
Employer	\$ 545,245
Members	<u>189,713</u>
Total contributions	<u>734,958</u>
Investment income	
Net increase in fair value of investments	169,223
Investment earnings	<u>807,227</u>
Total investment income	976,450
Less investment expense	<u>(53,580)</u>
Net investment income	<u>922,870</u>
Total additions	<u>1,657,828</u>

DEDUCTIONS

Pension benefits and refunds	1,115,751
Administrative expense	40,152
Transfer to other pensions	<u>52,895</u>
Total deductions	<u>1,208,798</u>

CHANGE IN NET POSITION	449,030
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PLAN NET ASSETS HELD IN TRUST
FOR PENSION BENEFITS

Beginning of year	<u>16,277,065</u>
End of year	<u><u>\$ 16,726,095</u></u>

The accompanying notes are an integral part of this statement.

Village of Harwood Heights, Illinois
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April 30, 2015

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Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

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, and is not included as a component unit in any other governmental reporting entity.

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, 2015

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 contributions 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 as general revenues.

Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the fiduciary funds 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, 2015

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 projects funds are used to account for the use of resources for capital improvements. The Village's capital projects funds is the Capital Projects Fund. The primary revenue and financing sources include bond proceeds and transfers from other funds.

b. Proprietary Fund Types

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

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

c. Fiduciary Fund Types

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

- 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.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

c. **Fiduciary Fund Types** (Continued)

- 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**

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, 2015.
- 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, 2015. There were no assigned amounts at April 30, 2015.
- 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.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. **Fund Balance** (Continued)

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 and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are intended to finance. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. 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.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

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, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Village reports unearned and unavailable revenue on its financial statements. Unearned and unavailable revenue arises when a potential revenue does not meet both the "measurable" and "unavailable" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability or deferred inflow of resources for unearned or unavailable revenue is removed from the balance sheet and revenue is recognized. Governmental Funds also defer revenue recognition in connection with resources received, but not yet earned.

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.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all utility receivable balances that have had a final reading and estimates the portion, if any, of the balance that will not be collected.

8. Investments

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

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Prepaid items

Prepaid items are recorded at cost and amortized over the term of the underlying agreements. Reported prepaid expenditures are equally offset by fund balance reserves, which indicate that they do not constitute "available spendable resources" even though they are a component of current assets. These are accounted for using the consumption method.

10. 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.

11. Capital Assets

Capital assets, which include land, buildings, machinery and equipment, land improvements, 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, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Capital Assets (Continued)

Construction in progress is stated at cost and includes engineering and design costs incurred for planned construction. No provision for depreciation is made on construction in progress until the asset is completed and put in use.

12. 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.

13. 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. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

14. Deferred Outflows / Deferred Inflows

In addition to assets, the statement of net position and the governmental funds balance sheet may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position / fund balance that applies to a future period(s). At April 30, 2015, the Village reported no deferred outflows of resources. In addition to liabilities, the Village may report deferred inflows of resources. Deferred inflows of resources represent the acquisition of resources that is applicable to a future reporting period(s). At April 30, 2015, the Village's property taxes levied for a future period are reported as deferred inflows of resources.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Fund Balance and Restrictions of Net Position

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:

<u>Net position restricted for:</u>	<u>Amount</u>
Motor fuel tax	\$ 288,741
Crime investigation	11,168
Public safety - 911 service	115,125
Capital projects	426,189
Debt service	<u>295,938</u>
Total net position restricted by enabling legislation	<u>\$ 1,137,161</u>

16. 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.

17. New Accounting Pronouncement

During the year ended April 30, 2015, the Police Pension Fund, which is reported as a pension trust (fiduciary) fund of the Village, adopted the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, which has as its objective improving the usefulness of pension information included in the general purpose external financial reports of state and local governmental pension plans for making decisions and assessing accountability. Adoption of GASB No. 67 had no effect on the Village's net position as of April 30, 2015, or on its changes in net position for the year then ended. It did, however, change the requirements for information disclosed in the notes to the financial statements and information presented as required supplementary information.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

18. Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements, which are expected to have a material impact on the Village's financial statements in future periods:

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which will be implemented by the Village during the fiscal year ended April 30, 2016. This Statement established standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures on the government wide financial statements. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute the present value to periods of employee service.

GASB has issued Statement No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, and will also be implemented by the Village during the fiscal year ended April 30, 2016. This Statement established standards for measuring amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Specific changes to the Village's financial statements will relate to the recognition of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The most significant effect of these statements will be the requirement that the Village record the net pension liability related to the Illinois Municipal Retirement Fund and the Police Pension Fund as part of long-term liabilities in the statement of net position (see note H). The Village anticipates that the adoption of these statements will have a significant impact on the government-wide financial statements as of and for the year ending April 30, 2016.

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.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

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)

One element of that reconciliation explains that “Long-term liabilities included in the statement of net position are not due and payable in the current period and, accordingly, are not reported in the governmental funds balance sheet.” The details of this difference are as follows:

General obligation bonds payable	\$ (4,100,000)
Unamortized bond premium	(66,942)
Accrued interest	(9,117)
Note payable	(1,322,189)
Compensated absences payable	(840,709)
Capital lease payable	(61,242)
Other post-employment benefit obligation	(157,752)
Net pension obligation	<u>(1,416,160)</u>
Net adjustment to reduce fund balance - governmental funds to arrive at net position - governmental activities	\$ <u><u>(7,974,111)</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 position - 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	\$ 613,100
Depreciation expense	<u>(618,285)</u>
Net adjustment to reduce net change in fund balances - governmental funds to arrive at change in net position - governmental activities	\$ <u><u>(5,185)</u></u>

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

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 provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds." The details of this difference are as follows:

Decrease in accrued interest	\$ 56,943
Net decrease in general installment notes	989,726
Principal payments on general obligation bonds	3,985,000
Issuance of general obligation bonds	(4,100,000)
Premium on bonds sold	(67,226)
Amortization of bond premiums	284
Net increase in net pension obligation	(99,567)
Net increase in other postemployment benefits obligation	(52,065)
Net increase in compensated absences	(22,100)
Principal payments on capital lease	<u>89,800</u>
Net adjustment to increase net change in fund balances - governmental funds to arrive at change in net position - governmental activities	\$ <u><u>780,795</u></u>

NOTE C - DEPOSITS AND INVESTMENTS

1. Village Deposits and Investments

For disclosure purposes, the amounts are segregated as follows:

	<u>Total</u>
Deposits with financial institutions	\$ 2,910,232
Illinois Funds	<u>765,497</u>
Total cash and cash equivalents	\$ <u><u>3,675,729</u></u>

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

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 are 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, 2015, the Village had uninsured deposits in the amount of \$954,004. The carrying amount of the Village's deposits with financial institutions was \$2,910,232 at April 30, 2015. The Village's Agency Fund had a carrying value of \$80,909 at April 30, 2015.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

1. Village Deposits and Investments (Continued)

Investment Policy

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, 2015, the Village did not have greater than five percent of its overall portfolio invested in any single investment type, except for The Illinois Funds.

2. Police Pension Deposits, Investments, and Concentrations

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

Statutes and the Pension Fund's investment policy 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 Funds Market Fund, or by banks, their subsidiaries, or holding companies, in accordance with the laws of the state of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the state of Illinois; and direct obligations of the State of Israel.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

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

Also authorized are deposits or investments in money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension funds with net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension funds with net position 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. In addition, pension funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net plan position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

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

Deposits. At year-end, the carrying amount of the Pension Fund's deposits totaled \$183,146, and the related bank balances totaled \$150,618.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

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:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities in Years</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
State and Local					
Obligations	\$ 951,672	\$ 50,555	\$ 901,117	\$ -	\$ -
U.S. Govt and					
Agency Obligations	3,530,733	-	2,482,268	1,002,706	45,759
Corporate					
Obligations	3,660,085	433,113	2,254,413	972,559	-
Common Stocks	1,087,072	1,087,072	-	-	-
Equity Mutual					
Funds	<u>7,220,541</u>	<u>7,220,541</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	\$ <u>16,450,103</u>	\$ <u>8,791,281</u>	\$ <u>5,637,798</u>	\$ <u>1,975,265</u>	\$ <u>45,759</u>

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

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Pension Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States government and/or its agencies that are implicitly guaranteed by the United States government. The Pension Fund's investment policy 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 A or better, and Corporate Obligations are rated A- or better by Standard & Poor's or by Moody's Investors Services. Other than investing in securities issued by agencies of the United States government, the Pension Fund has no other formal policy for reducing credit risk.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

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

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

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, 2015, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance. The Pension Fund's investment policy requires that all deposits in excess of FDIC insurable limits be secured by collateral in order to protect deposits from default.

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. Money market mutual funds, and equity mutual funds are not subject to custodial credit risk. At April 30, 2015, the U.S. government agencies and the state and local obligations are held by the counterparty in the trust department. The Pension Fund limits its exposure to custodial credit risk by utilizing an independent third party institution, selected by the Pension Fund, to act as custodian for its securities and collateral.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the Pension Fund's investment in a single issuer. At April 30, 2015, the Pension Fund has over 5% of its net plan assets invested in various agency securities, as indicated in the table below. 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, at year-end the Pension Fund had \$1,087,072 invested in common stocks.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

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

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

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	\$ 1,132,032
Deutsche Global Infrast-Ins	417,778
Fidelity Advisor New Insights	1,125,911
JP Morgan Mid Cap Value	293,155
Invesco Global Real Estate Fund	208,023
Lazard Emerging Markets Equity Fund	175,658
MFS International Value	750,172
Oppenheimer Developing MKT	320,644
Oppenheimer Intrl Growth Fd-I	278,271
RS Global Natural Resources	221,326
Scout International Fund	540,098
Sector SPDR Trust Utilities - ETF	28,610
T. Rowe Price Mid-Cap Growth	291,799
TWC Select Equities Fund	1,142,529
Undiscovered Mngrs Behavioral Values	271,766
Vanguard Telecommunications Svcs ETF	22,769
Total equity mutual funds	<u><u>\$ 7,220,541</u></u>

The fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	10 - 50	% 4.3 - 6.5 %
Domestic equities	10 - 55	7.5 - 7.8
International equities	15	7.8
Real estate	0	6.8
Blended	10	3.8 - 7.3
Cash and cash equivalents	0	0.0

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

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

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

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 50%. Securities in any one company should not exceed 5% to the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in September 2015 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of April 30, 2015 are listed in the table above.

b. **Rate of Return**

For the year ended April 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.78%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE D - PROPERTY TAXES

Property taxes for 2014 tax year attach as an enforceable lien on January 1, 2014 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, 2015 and August 1, 2015. The County collects such taxes and remits them periodically. The portion of the 2014 property tax levy not received by April 30 is recorded as a receivable, net of the allowance for uncollectibles of \$3,000. The net receivable collected within the current year is recognized as revenue. Because the remaining uncollected amount is intended to finance the fiscal year ended April 30, 2016, net taxes receivable is reflected as property taxes levied for a future period. The 2015 levy, which attached as an enforceable lien on property as of January 1, 2015, has not been recorded as a receivable as of April 30, 2015, as the tax has not yet been levied by the Village and will not be levied until December 2015; therefore, the levy is not measurable at April 30, 2015.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE E - INTERFUND TRANSACTIONS

1. Advances to/from Other Funds

	Advances to	Advances from
General		
General Obligation Bonds	\$ -	\$ 342,611
SSA Debt Service	62,860	-
Grant	804,917	-
Motor Fuel Tax	-	434,745
Water and Sewer	515,820	-
Emergency 911	37,581	-
Total General	<u>1,421,178</u>	<u>777,356</u>
Other governmental funds		
General Obligation Bonds - General	342,611	-
Emergency 911 - General	-	37,581
Motor Fuel Tax - General	459,745	-
SSA Debt Service - General	-	62,860
Grant - Water and Sewer	36,903	-
Grant - General	-	829,917
Total other governmental funds	<u>839,259</u>	<u>930,358</u>
Water and Sewer Fund	-	552,723
Total all Funds	2,260,437	2,260,437
Less amounts eliminated during GASB 34 conversion	<u>(1,707,714)</u>	<u>(1,707,714)</u>
Total Village internal balances	<u>\$ 552,723</u>	<u>\$ 552,723</u>

2. Interfund Transfers

Transfers were used in connection with the issuance of the Series 2015 General Obligation Bonds (Note H) to finance various capital projects. Interfund transfers are recorded for permanent transfers between funds which are not expected to be repaid. Individual interfund transfers, during the fiscal year ended April 30, 2015, were as follows:

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE E - INTERFUND TRANSACTIONS (Continued)

2. Interfund Transfers (Continued)

	<u>Transfers in</u>	<u>Transfers out</u>
Nonmajor governmental		
General Obligation Bonds	\$ 100,000	\$ -
SSA Debt Service	-	300,000
Capital Projects Fund	<u>200,000</u>	<u>-</u>
Total transfers	<u>\$ 300,000</u>	<u>\$ 300,000</u>

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2015 was as follows:

1. Governmental Activities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 629,428	\$ -	\$ -	\$ 629,428
Capital assets, being depreciated				
Buildings	6,227,959	186,183	-	6,414,142
Machinery and equipment	2,518,434	161,302	60,248	2,619,488
Land improvements	121,499	-	-	121,499
Infrastructure	<u>12,166,956</u>	<u>265,615</u>	<u>-</u>	<u>12,432,571</u>
Total capital assets, being depreciated	<u>21,034,848</u>	<u>613,100</u>	<u>60,248</u>	<u>21,587,700</u>
Less accumulated depreciation for				
Buildings	1,516,331	149,994	-	1,666,325
Machinery and equipment	2,096,997	174,508	60,248	2,211,257
Land improvements	103,055	2,395	-	105,450
Infrastructure	<u>4,219,453</u>	<u>291,388</u>	<u>-</u>	<u>4,510,841</u>
Total accumulated depreciation	<u>7,935,836</u>	<u>618,285</u>	<u>60,248</u>	<u>8,493,873</u>
Total capital assets, being depreciated, net	<u>13,099,012</u>	<u>(5,185)</u>	<u>-</u>	<u>13,093,827</u>
Governmental activities capital assets, net	<u>\$ 13,728,440</u>	<u>\$ (5,185)</u>	<u>\$ -</u>	<u>\$ 13,723,255</u>

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE F - CAPITAL ASSETS (Continued)

2. Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Construction in process	\$ -	\$ 252,531	\$ -	\$ 252,531
Capital assets, being depreciated				
Machinery and equipment	298,167	96,981	80,339	314,809
Land improvements	34,700	-	-	34,700
Infrastructure	3,702,638	490,530	-	4,193,168
Total capital assets, being depreciated	4,035,505	587,511	80,339	4,542,677
Less accumulated depreciation for				
Machinery and equipment	168,007	36,176	80,339	123,844
Land improvements	34,700	-	-	34,700
Infrastructure	2,357,418	56,974	-	2,414,392
Total accumulated depreciation	2,560,125	93,150	80,339	2,572,936
Total capital assets, being depreciated, net	1,475,380	494,361	-	1,969,741
Business-type activities, capital assets, net	\$ 1,475,380	\$ 746,892	\$ -	\$ 2,222,272

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE F - CAPITAL ASSETS (Continued)

3. Depreciation Expense

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

Governmental activities:

General government	\$ 153,559
Public safety	128,006
Public works, streets, and lighting	<u>336,720</u>
	<u>\$ 618,285</u>

Business – type activities:

Water and sewer	<u>\$ 93,150</u>
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NOTE G - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; 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 agency for its coverage. Settled claims have not exceeded the coverages in the current or preceding two fiscal years.

Complete financial statements for the Association can be obtained from the Association's administrative offices at 500 East Capitol Avenue, P.O. Box 5180, Springfield, Illinois 62705.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

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 associated with governmental activities for the year ended April 30, 2015:

	Beginning Balance	Additions	Retirements / Refunded	Ending Balance	Due Within One Year
General obligation bonds					
Series 2003	\$ 1,750,000	\$ -	\$ 1,750,000	\$ -	\$ -
Series 2006B	2,235,000	-	2,235,000	-	-
Series 2015	-	4,100,000	-	4,100,000	525,000
Bond premium	-	67,226	284	66,942	-
Total general obligation bonds	<u>3,985,000</u>	<u>4,167,226</u>	<u>3,985,284</u>	<u>4,166,942</u>	<u>525,000</u>
Installment notes	989,726	-	989,726	-	-
Capital lease obligations	151,042	-	89,800	61,242	16,691
Note payable	1,322,189	-	-	1,322,189	132,219
Net pension obligation	1,316,593	644,812	545,245	1,416,160	-
OPEB obligation payable	105,687	81,034	28,969	157,752	-
Compensated absences	<u>818,609</u>	<u>22,100</u>	<u>-</u>	<u>840,709</u>	<u>-</u>
Total governmental activities	<u>\$ 8,688,846</u>	<u>\$ 4,915,172</u>	<u>\$ 5,639,024</u>	<u>\$ 7,964,994</u>	<u>\$ 673,910</u>

The following is a summary of the Village's long-term liability balances and transactions associated with business-type activities for the year ended April 30, 2015:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Capital lease obligations	<u>\$ -</u>	<u>\$ 52,375</u>	<u>\$ 3,100</u>	<u>\$ 49,275</u>	<u>\$ 12,626</u>
Total business-type activities	<u>\$ -</u>	<u>\$ 52,375</u>	<u>\$ 3,100</u>	<u>\$ 49,275</u>	<u>\$ 12,626</u>

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE H- LONG-TERM LIABILITIES (Continued)

2. Long-Term Debt - Terms and Maturities

General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 2015 General Obligation Bonds	2.00% - 3.13%	\$ <u><u>4,100,000</u></u>

During the fiscal year ended April 30, 2015, the Village issued the \$4,100,000 Series 2015 general obligation bonds, payable in annual installments ranging from \$90,000 to \$525,000 commencing December 1, 2015, and payable through December 1, 2034; interest is payable semiannually at rates ranging from 2.00% to 3.13% commencing June 1, 2015. The 2015 general obligation bonds refunded the 2003 and 2006B general obligation bonds entirely. The Village refunded the debt to take advantage of lower interest rates, and to finance various projects. This transaction resulted in a theoretical economic gain (difference between the reacquisition price and the net carrying amount of the old debt) of \$260,279.

The annual requirements to retire the general obligation bonds as of April 30, 2015 are as follows:

<u>Year Ending April 30,</u>	<u>General Obligation Bonds Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 525,000	\$ 65,835	\$ 590,835
2017	345,000	86,238	431,238
2018	350,000	79,338	429,338
2019	350,000	72,338	422,338
2020	360,000	65,338	425,338
2021-2025	1,035,000	229,688	1,264,688
2026-2030	510,000	143,888	653,888
2031-2035	625,000	60,013	685,013
	<u>\$ 4,100,000</u>	<u>\$ 802,676</u>	<u>\$ 4,902,676</u>

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE H- LONG-TERM LIABILITIES (Continued)

3. Capital Lease Obligations

At April 30, 2015, the Village is obligated for future payments under a noncancellable lease for public works equipment as follows:

Year Ending April 30,	Capital Leases		Capital Leases	
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 16,691	\$ 2,147	\$ 12,626	\$ 1,284
2017	17,325	1,514	12,993	916
2018	17,982	856	13,372	538
2019	9,244	174	10,284	148
	<u>\$ 61,242</u>	<u>\$ 4,691</u>	<u>\$ 49,275</u>	<u>\$ 2,886</u>

The cost of the capital assets associated with governmental activities acquired through capital lease is \$131,869, with accumulated depreciation and depreciation expense of \$52,748 and \$13,187, respectively, at April 30, 2015. The cost of the capital assets associated with business-type activities acquired through capital lease is \$52,375, with accumulated depreciation and depreciation expense of \$10,475 at April 30, 2015.

4. Note Payable

In fiscal year 2014, the Village entered into a note payable due to the Illinois Department of Transportation, related to a road construction grant for a project completed in 2008. The note is payable in ten equal annual installments, commencing in fiscal year 2016, and does not bear interest. The total amount outstanding as of April 30, 2015 was \$1,322,189.

5. Illinois EPA Loan

In April 2015, the Village authorized the issuance of the General Obligation Bonds (IEPA), Series 2015, not to exceed \$4,000,000. The bonds will be issued in evidence of an Illinois Environmental Protection Agency (IEPA) Public Water Supply Loan, and the proceeds will finance renovations to the Village's water supply system. Subsequent to year-end, in October 2015, the IEPA approved the loan in the amount of \$1,455,750. The loan will bear interest at 1.86% and will be payable in semi-annual installments for a term of 20 years commencing July 2016.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE H- LONG-TERM LIABILITIES (Continued)

6. 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.

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 2014 was 11.83 percent of annual covered payroll. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by state statute.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE I - DEFINED BENEFIT PENSION PLANS (Continued)

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

c. **Annual Pension Cost**

For calendar year 2014, the Village's annual pension cost of \$154,548 for the regular plan was equal to the Village's required and actual contributions.

Trend Information			
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/14	\$ 154,548	100%	\$ -
12/31/13	125,431	100%	-
12/31/12	124,284	100%	-

The required contribution for 2014 was determined as part of the December 31, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012 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, 2012 is being amortized as a level percentage of projected payroll on an open 29-year basis.

d. **Funded Status and Funding Progress**

As of December 31, 2014, the most recent actuarial valuation date, the regular plan was 83.84 percent funded. The actuarial accrued liability for benefits was \$3,695,653 and the actuarial value of assets was \$3,098,426, resulting in underfunded actuarial accrued liability (UAAL) of \$597,227. The covered payroll (annual payroll of active employees covered by the plan) was \$1,306,408 and the ratio of the UAAL to the covered payroll was 46 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.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE I - DEFINED BENEFIT PENSION PLANS (Continued)

2. **Police Pension Plan**

a. **Plan Description**

The Police Pension Fund is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Fund as a pension trust fund. The Fund is governed by a five member Board of Trustees. Two members of the Board are appointed by the Village's Mayor, one member is elected by pension beneficiaries, and two members are elected by active police employees.

At April 30, 2015, the measurement date, the Police Pension Plan membership consisted of the following:

Inactive plan members currently receiving benefits	18
Inactive plan members entitled to but not yet receiving benefits	6
Employees	
Vested	8
Nonvested	<u>17</u>
Total plan membership	<u><u>49</u></u>

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

The Police Pension Fund provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older 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 day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE I - DEFINED BENEFIT PENSION PLANS (Continued)

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

a. **Plan Description** (Continued)

Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of one half of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., one half percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January last after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or one half of the change in the Consumer Price Index for the proceeding calendar year.

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. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year ended April 30, 2015, the Village's contribution was 25.56% of covered payroll.

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.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE I - DEFINED BENEFIT PENSION PLANS (Continued)

2. Police Pension Plan (Continued)

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

i. Reporting Entity (Continued)

The Village's police 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.

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.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

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 (Continued)

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.

c. Net Pension Liability

The components of the net pension liability of the Village as of April 30, 2015, calculated in accordance with GASB Statement No. 67, were as follows:

Total pension liability	\$ 25,758,766
Plan fiduciary net position	<u>16,726,095</u>
Village's net pension liability (disclosure only)	<u><u>9,032,671</u></u>
Plan fiduciary net position as a percentage of the total pension liability	64.93%

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE I - DEFINED BENEFIT PENSION PLANS (Continued)

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

c. **Net Pension Liability** (Continued)

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the required supplementary information for additional information related to the funded status of the Fund.

Actuarial assumptions - The total pension liability above was determined by an actuarial valuation performed as of April 30, 2015 using the following actuarial methods and assumptions:

Actuarial valuation date	5/1/2015
Actuarial cost method	Entry age normal
Asset valuation method	5-year smoothed market
Actuarial assumptions	
Interest rate	7.00%
Salary increases	3.62% - 7.36%
Cost of living adjustments	3.00%
Inflation	2.50%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table (male) with blue collar adjustment and with a 200% load for participants under age 50 and 125% for participants age 50 and over.

Discount Rate - The discount rate used to measure the total pension liability was 7.00 percent, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE I - DEFINED BENEFIT PENSION PLANS (Continued)

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

c. **Net Pension Liability** (Continued)

Discount Rate Sensitivity - The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 7.00 percent as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Net pension liability (disclosure only)	\$ <u>12,324,696</u>	\$ <u>9,032,671</u>	\$ <u>6,286,844</u>

d. **Funding Policy and Annual Pension Cost**

The Village's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2015 was \$2,132,459 out of a total payroll of \$3,945,604.

For the year ended April 30, 2014, the Village's annual pension cost was \$644,812. Actual contributions made by the Village were \$545,245. The information presented was determined as part of the actuarial valuation as of April 30, 2013, 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 1.1% through 4.9% compounded annually, which includes a 2.5% inflation factor, and cost-of-living adjustments of 4.5%, compounded annually.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE I - DEFINED BENEFIT PENSION PLANS (Continued)

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

d. **Funding Policy and Annual Pension Cost** (Continued)

The Village's annual pension cost and net pension obligation to the Police Pension Fund were obtained from the fund's most recent actuarial valuation (April 30, 2013) and are as follows:

Annual required contribution	\$ 552,650
Interest on net pension obligation	<u>92,162</u>
Annual pension cost	644,812
Contributions made	<u>(545,245)</u>
Increase in net pension obligation	99,567
Net pension obligation as of May 1, 2014	<u>1,316,593</u>
Net pension obligation as of April 30, 2015	<u><u>\$ 1,416,160</u></u>

e. **Three-Year Trend Information**

<u>Year Ending</u>	<u>Annual Required Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
4/30/15	\$ 552,650	98.66%	\$ 1,416,160
4/30/14	552,650	113.33%	1,316,593
4/30/13	582,108	77.29%	1,299,333

f. **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, 2015 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.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

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 2015, 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 2015, 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, 2015

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, 2015</u>
Annual required contribution	\$ 75,750
Interest on net OPEB obligation	5,284
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	81,034
Contributions made	<u>(28,969)</u>
Increase in net OPEB obligation	52,065
Net OPEB obligation beginning of year	<u>105,687</u>
Net OPEB obligation end of year	\$ <u><u>157,752</u></u>

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

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 2015 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>
4/30/15	\$ 81,034	35.8%	\$ 157,752
4/30/14	78,555	36.9%	105,687
4/30/13	75,637	38.3%	56,101

Funding Status and Funding Progress

As of April 30, 2013 (the most recent actuarial valuation date), 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.

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.

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Methods and Assumptions (Continued)

The following simplifying assumptions were made:

Contribution rates:	
Village	N/A
Plan members	100%
Actuarial valuation date	04/30/2013
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%
Employer provided benefit	Explicit (eligible disabled pensioners only): 100% of premium for life

*Includes inflation at 2.5%

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

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 commenced in May 2013. Each monthly payment will be applied first to interest at the prime rate plus 2.25%, with 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. During fiscal year 2015, total reimbursement payments were \$299,534.

In April 2014, the Village entered into an agreement with a business developer related to property to be developed in the Village. Under the agreement, the Village agreed that certain sales tax revenues generated from the businesses developed on the property will be shared between the Village and the developer. The agreement contains provisions for minimum thresholds for the various periods covered under the agreement. Any revenues generated above the thresholds, defined as surplus tax revenue, will be shared between the Village and the developer. The Village will retain 60% of the surplus tax revenue and will disburse to the developer the remaining 40%. The agreement will terminate on the earlier of forty years from the effective date of the agreement, or upon the occurrence of certain other events, as defined in the agreement. There were no sales tax revenues generated from the related businesses during fiscal year 2015.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

NOTE L - PLEDGED REVENUE (Continued)

In April 2015, the Village entered into an agreement with a business developer related to a restaurant to be developed in fiscal year 2016. Under the agreement, the Village will share certain tax revenues generated from the restaurant with the developer. The tax sharing period will commence on the first day of the month following the opening of the restaurant, and will continue for the shorter of twelve years or until the Village has paid the developer an aggregate total of \$200,000 in shared tax revenue. The commencement shall occur no later than November 1, 2015. During the tax sharing period, the Village will make monthly payments to the developer of 50% of the sales tax revenue generated by the restaurant.

NOTE M - SUBSEQUENT EVENTS

Management has evaluated subsequent events through REPORT DATE, the date that these financial statements were available to be issued. Management has determined that no events or transactions, other than the items described further below, have occurred subsequent to the statement of net position date that require disclosure in the financial statements.

1. Line of Credit

In August 2015, the Village entered into a line of credit agreement with a financial institution, with available borrowings of up to \$1,000,000. The agreement matures in August 2016.

2. Capital Lease

Subsequent to April 30, 2015, the Village entered into a capital lease agreement with a financial services company related to the lease of certain public works equipment. The lease requires quarterly payments of \$3,852 commencing November 2015 through August 2022.

3. Illinois EPA Loan

In October 2015, the Illinois Environmental Protection Agency approved its Public Water Supply Loan to the Village (Note H-5).

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Village of Harwood Heights, Illinois

Illinois Municipal Retirement Fund SCHEDULE OF FUNDING PROGRESS

April 30, 2015

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)
12/31/14	\$ 3,098,426	\$ 3,695,653	\$ 597,227	83.8 %	\$ 1,306,408	45.7 %
12/31/13	2,815,083	3,130,242	315,159	89.9	1,122,924	28.1
12/31/12	2,296,111	2,961,565	665,454	77.5	1,130,886	58.8

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$3,709,421. On a market basis, the funded ratio would be 100.37%.

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, 2015

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)
04/30/15	N/A	N/A	N/A	N/A	N/A	N/A
04/30/14	N/A	N/A	N/A	N/A	N/A	N/A
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

Village of Harwood Heights, Illinois

Police Pension Fund

SCHEDULE OF FUNDING PROGRESS

April 30, 2015

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)
2014	4/30/14	N/A	N/A	N/A	N/A	N/A	N/A
2013	4/30/13	\$ 15,674,020	\$ 20,929,122	\$ 5,255,102	74.89 %	\$ 1,891,343	277.85 %
2012	4/30/12	14,915,150	20,561,498	5,646,348	72.54	1,861,315	303.35

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

N/A - No actuarial valuation was performed.

Village of Harwood Heights, Illinois

Police Pension Fund

SCHEDULE OF CONTRIBUTIONS

April 30, 2015

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2015	\$ 661,085	\$ 545,245	\$ (115,840)	\$ 2,133,608	25.56 %

Notes to the Schedule:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	19 years
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	3.62% - 7.36%
Investment rate of return	7.0%
Retirement age	See notes to the financial statements
Mortality	RP-2000 Combined Healthy Mortality Table (male) with blue collar adjustment and with a 200% load for participants under age 50 and 125% for participants age 50 and over.

Note: The Police Pension Fund implemented GASB 67 beginning with its fiscal year ended April 30, 2015; therefore, 10 years of information is not available.

Village of Harwood Heights, Illinois

Police Pension Fund

SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

April 30, 2015

	<u>2015</u>
Total pension liability	
Service cost	\$ 495,347
Interest on the total pension liability	1,651,615
Difference between expected and actual experience of the total pension liability	1,096,887
Assumption changes	-
Benefit payments and refunds	<u>(1,168,464)</u>
Net change in total pension liability	2,075,385
Total pension liability, beginning	<u>23,683,381</u>
Total pension liability, ending	<u><u>\$ 25,758,766</u></u>
Plan fiduciary net position	
Contributions, employer	\$ 545,245
Contributions, employee	189,713
Net investment income	922,870
Benefit payments, including refunds of employee contributions	(1,115,751)
Transfers to other pensions	(52,895)
Administrative expense	<u>(40,152)</u>
Net change in plan fiduciary net position	449,030
Plan fiduciary net position, beginning	<u>16,277,065</u>
Plan fiduciary net position, ending	<u><u>\$ 16,726,095</u></u>
Net pension liability	<u><u>\$ 9,032,671</u></u>
Plan fiduciary net position as a percentage of the total pension liability	64.9 %
Covered Valuation Payroll	\$ 2,133,608
Net pension liability as a percentage of covered valuation payroll	423.4 %

Note: The Police Pension Fund implemented GASB 67 beginning with its fiscal year ended April 30, 2015; therefore, 10 years of information is not available.

Village of Harwood Heights, Illinois

Police Pension Fund

SCHEDULE OF INVESTMENT RETURNS

April 30, 2015

<u>Fiscal Year</u>	<u>Annual Money- Weighted Rate of Return, Net of Investment Expense</u>
2015	5.78%

Note: The Police Pension Fund implemented GASB 67 beginning with its fiscal year ended April 30, 2015; therefore, 10 years of information is not available.

Village of Harwood Heights, Illinois

General Fund

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

Year Ended April 30, 2015

	Original and Final Appropriation	Actual	Variance Over / (Under)
Revenues			
Taxes	\$ 3,253,067	\$ 3,356,050	\$ 102,983
Intergovernmental	2,148,000	2,173,805	25,805
Licenses and permits	427,076	477,486	50,410
Fines	1,130,500	899,185	(231,315)
Charges for services	26,101	28,466	2,365
Investment income	1,000	648	(352)
Miscellaneous	1,366,000	436,048	(929,952)
Total revenues	<u>8,351,744</u>	<u>7,371,688</u>	<u>(980,056)</u>
Expenditures			
Current			
General government	1,680,230	1,671,146	(9,084)
Public safety	4,658,004	4,424,100	(233,904)
Public works	1,116,557	1,080,595	(35,962)
Debt service			
Principal	1,119,727	1,079,526	(40,201)
Interest and other	17,377	14,024	(3,353)
Capital outlay	559,464	217,473	(341,991)
Total expenditures	<u>9,151,359</u>	<u>8,486,864</u>	<u>(664,495)</u>
Excess (deficiency) of revenues over expenditures	<u>(799,615)</u>	<u>(1,115,176)</u>	<u>(315,561)</u>
Other financing sources			
Loan proceeds	500,000	-	(500,000)
Other	299,615	-	(299,615)
Total other financing sources	<u>799,615</u>	<u>-</u>	<u>(799,615)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,115,176)</u>	<u>\$ (1,115,176)</u>
Fund balance			
Beginning of year		<u>4,026,939</u>	
End of year		<u>\$ 2,911,763</u>	

Village of Harwood Heights, Illinois

Motor Fuel Tax Fund

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

Year Ended April 30, 2015

	Original and Final <u>Appropriation</u>	<u>Actual</u>	Variance Over / (Under) <u></u>
Revenues			
Intergovernmental			
State of Illinois motor fuel tax	\$ 248,000	\$ 322,086	\$ 74,086
Investment income	<u>75</u>	<u>34</u>	<u>(41)</u>
Total revenues	<u>248,075</u>	<u>322,120</u>	<u>74,045</u>
Expenditures			
Public works			
Streets and lighting			
Street light repair	7,500	894	(6,606)
Traffic light maint - IDOT	3,000	3,492	492
Traffic signal maint - Meade	7,620	3,780	(3,840)
Salt	25,000	29,292	4,292
Street repair projects	15,000	11,743	(3,257)
Capital outlay - traffic signals	<u>7,500</u>	<u>-</u>	<u>(7,500)</u>
Total public works	<u>65,620</u>	<u>49,201</u>	<u>(16,419)</u>
Total expenditures	<u>65,620</u>	<u>49,201</u>	<u>(16,419)</u>
Excess of revenues over expenditures	\$ <u>182,455</u>	272,919	\$ <u>90,464</u>
Fund balance			
Beginning of year		<u>475,567</u>	
End of year		\$ <u>748,486</u>	

Village of Harwood Heights, Illinois

Grant Fund

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN

FUND DEFICIT - APPROPRIATION AND ACTUAL

Year Ended April 30, 2015

	Original and Final Appropriation	Actual	Variance Over / (Under)
Revenues			
Intergovernmental			
DCEO Capital Improvements	\$ 100,000	\$ -	\$ (100,000)
Oak Park Water Main	800,000	-	(800,000)
Tobacco Grant	1,100	-	(1,100)
DOJ BPV Grant	-	2,219	2,219
Interest income	<u>-</u>	<u>29</u>	<u>29</u>
Total revenues	<u>901,100</u>	<u>2,248</u>	<u>(898,852)</u>
Expenditures			
Capital outlay	<u>811,101</u>	<u>141,498</u>	<u>(669,603)</u>
Total expenditures	<u>811,101</u>	<u>141,498</u>	<u>(669,603)</u>
Excess (deficiency) of revenues over expenditures	\$ <u><u>89,999</u></u>	(139,250)	\$ <u><u>(229,249)</u></u>
Fund deficit			
Beginning of year		<u>(693,669)</u>	
End of year		\$ <u><u>(832,919)</u></u>	

Village of Harwood Heights, Illinois
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2015

NOTE A - APPROPRIATIONS

The Village prepares its appropriation ordinance in accordance with generally accepted accounting principles. Annual appropriations are adopted for the General Fund, Motor Fuel Tax Fund, Emergency Telephone System Fund, General Obligation Bonds Funds, Special Service Area Debt Service Fund, Grant Fund, and the Water and Sewer Fund. The Village does not prepare an appropriation for the Criminal Investigation Fund and Capital Projects Fund. The annual appropriations lapse at fiscal year-end. There were no amendments to the fiscal year 2015 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, 2015 is taken by the Village Board before July 31, 2014. The appropriation amounts shown in the financial statements are as originally adopted by the Village Board on July 24, 2014.
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 appropriation control is at the fund level.

SUPPLEMENTARY INFORMATION

Village of Harwood Heights, Illinois

General Fund

SCHEDULE OF DETAILED REVENUES - APPROPRIATION AND ACTUAL

Year Ended April 30, 2015

	Original and Final Appropriation	Actual	Variance Over / (Under)
Revenues			
Taxes			
Property			
General	\$ 306,091	\$ 326,653	\$ 20,562
Police protection	376,668	405,500	28,832
Police pension	582,108	545,245	(36,863)
Total property taxes	1,264,867	1,277,398	12,531
Other taxes			
Home rule sales tax	1,010,000	1,066,823	56,823
Video rental tax	4,000	3,769	(231)
Utility	425,000	440,285	15,285
Telecommunications	205,000	178,899	(26,101)
Pull tab	1,000	-	(1,000)
Gas tax	80,000	50,618	(29,382)
Real estate transfer tax	250,000	315,243	65,243
Long term storage tax	13,200	23,015	9,815
Total other taxes	1,988,200	2,078,652	90,452
Total taxes	3,253,067	3,356,050	102,983
Intergovernmental revenues			
Taxes			
Personal property replacement tax	6,000	6,719	719
Sales tax	1,175,000	1,263,124	88,124
State income tax	800,000	713,248	(86,752)
State local use tax	140,000	161,712	21,712
Roads and bridges	27,000	29,002	2,002
Total intergovernmental revenues	2,148,000	2,173,805	25,805

(Continued)

Village of Harwood Heights, Illinois

General Fund

SCHEDULE OF DETAILED REVENUES - APPROPRIATION AND ACTUAL

Year Ended April 30, 2015

	Original and Final Appropriation	Actual	Variance Over / (Under)
Revenues (continued)			
Licenses and permits			
Business licenses	\$ 66,000	\$ 73,965	\$ 7,965
Liquor licenses	38,375	45,875	7,500
Overweight truck permits	2,000	2,990	990
Building permits	70,000	96,786	26,786
Sewer permits	2,000	1,695	(305)
Plumbing permits	2,000	1,410	(590)
Electrical permits	6,000	7,890	1,890
Sign inspections	1	50	49
Elevator inspections	2,500	1,900	(600)
Building inspections	10,000	6,850	(3,150)
Fence permits	5,000	500	(4,500)
Franchise fees	95,000	102,680	7,680
Dog tags	200	308	108
Parking Permit	3,000	7,736	4,736
Vehicle licenses	125,000	126,851	1,851
Total licenses and permits	427,076	477,486	50,410
Fines			
Code enforcement fines	8,000	10,294	2,294
Traffic	200,000	167,080	(32,920)
Overweight trucks	30,000	7,433	(22,567)
Safe Speed	475,000	310,045	(164,955)
Red Speed	110,000	127,298	17,298
Parking tickets	200,000	211,779	11,779
Driving under the influence (DUI)	10,000	13,656	3,656
Compliance tickets	2,500	-	(2,500)
Vehicle impound fees	95,000	51,600	(43,400)
Total fines	1,130,500	899,185	(231,315)

(Continued)

Village of Harwood Heights, Illinois

General Fund

SCHEDULE OF DETAILED REVENUES - APPROPRIATION AND ACTUAL

Year Ended April 30, 2015

	Original and Final Appropriation	Actual	Variance Over / (Under)
Revenues (continued)			
Charges for services			
Youth program fees	\$ 18,000	\$ 17,362	\$ (638)
Hearing fees	2,000	2,770	770
Village hearing office	600	35	(565)
Escrow bond forfeiture	1,000	2,195	1,195
Police reports	1,000	1,295	295
Rental	1,000	1,109	109
Credit Card Processing	2,500	3,674	1,174
False alarm fees	1	26	25
Total charges for services	26,101	28,466	2,365
Investment income			
Interest	1,000	648	(352)
Miscellaneous revenues			
Reimbursements			
Workers' compensation	5,000	15,327	10,327
Insurance	30,000	32,363	2,363
Personnel (Guards)	11,000	-	(11,000)
Personnel (Police)	5,000	3,418	(1,582)
Police	25,000	14,729	(10,271)
Vacant properties	5,000	12,150	7,150
Special events revenue	2,000	900	(1,100)
Garbage fees	215,000	213,538	(1,462)
Proceeds from the sale of land	950,000	-	(950,000)
Gas use tax	88,000	94,216	6,216
Other miscellaneous	30,000	49,407	19,407
Total miscellaneous revenues	1,366,000	436,048	(929,952)
Total revenues	\$ 8,351,744	\$ 7,371,688	\$ (980,056)

(Concluded)

Village of Harwood Heights, Illinois

General Fund

SCHEDULE OF DETAILED EXPENDITURES - APPROPRIATION AND ACTUAL

Year Ended April 30, 2015

	Original and Final Appropriation	Actual	Variance Over / (Under)
Expenditures			
General government			
General management and support			
General administration	\$ 391,171	\$ 385,141	\$ (6,030)
Law department	232,500	189,632	(42,868)
Finance	391,266	472,724	81,458
Building	119,064	123,167	4,103
Total general management and support	1,134,001	1,170,664	36,663
Recreation and cultural opportunities	216,232	217,329	1,097
Health	35,708	38,748	3,040
Miscellaneous	294,289	244,405	(49,884)
Total general government	1,680,230	1,671,146	(9,084)
Public safety			
Police	4,658,004	4,424,100	(233,904)
Public works			
Forestry	60,000	68,210	8,210
Streets and lights	576,557	511,674	(64,883)
Refuse disposal	480,000	500,711	20,711
Total public works	1,116,557	1,080,595	(35,962)
Debt service			
Principal	1,119,727	1,079,526	(40,201)
Interest and other	17,377	14,024	(3,353)
Total debt service	1,137,104	1,093,550	(43,554)
Capital outlay			
Village properties	559,464	217,473	(341,991)
Total expenditures	\$ 9,151,359	\$ 8,486,864	\$ (664,495)

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.

The General Obligation Bonds Fund is a debt service fund and is used to account for the debt service payments required by the \$4,100,000 Series 2015 general obligation bonds.

The Capital Projects Fund is used to account for the use of resources for capital improvements. The primary revenue and financing sources include bond proceeds and transfers from other funds.

Village of Harwood Heights, Illinois

Nonmajor Governmental Funds COMBINING BALANCE SHEET Year Ended April 30, 2015

	<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>
	<u>Emergency Telephone System</u>	<u>Criminal Investigation</u>	<u>Capital Projects Fund</u>
ASSETS			
Cash and cash equivalents	\$ 152,706	\$ 11,168	\$ 426,189
Receivables, net of allowance			
Property taxes	-	-	-
Advances to other funds	-	-	-
Total assets	<u>\$ 152,706</u>	<u>\$ 11,168</u>	<u>\$ 426,189</u>
LIABILITIES			
Advances from other funds	<u>\$ 37,581</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>37,581</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS			
Property taxes levied for a future period	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL DEFERRED INFLOWS	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
Nonspendable			
Advances to other funds	-	-	-
Restricted for			
Debt service	-	-	-
Capital projects	-	-	426,189
Public safety	<u>115,125</u>	<u>11,168</u>	<u>-</u>
Total fund balance	<u>115,125</u>	<u>11,168</u>	<u>426,189</u>
Total liabilities and fund balances	<u>\$ 152,706</u>	<u>\$ 11,168</u>	<u>\$ 426,189</u>

Debt Service Funds		
SSA Debt Service	General Obligation Bonds	Total Nonmajor Governmental Funds
\$ 183,398	\$ 175,400	\$ 948,861
-	189,779	189,779
-	342,611	342,611
<u>\$ 183,398</u>	<u>\$ 707,790</u>	<u>\$ 1,481,251</u>
\$ 62,860	\$ -	\$ 100,441
62,860	-	100,441
-	189,779	189,779
-	189,779	189,779
-	342,611	342,611
120,538	175,400	295,938
-	-	426,189
-	-	126,293
<u>120,538</u>	<u>518,011</u>	<u>1,191,031</u>
<u>\$ 183,398</u>	<u>\$ 707,790</u>	<u>\$ 1,481,251</u>

Village of Harwood Heights, Illinois
Nonmajor Governmental Funds
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended April 30, 2015

	<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>
	<u>Emergency Telephone System</u>	<u>Criminal Investigation</u>	<u>Capital Projects Fund</u>
Revenues			
Taxes	\$ 92,902	\$ -	\$ -
Charges for services	-	4,001	-
Investment income	119	7	-
Total revenues	<u>93,021</u>	<u>4,008</u>	<u>-</u>
Expenditures			
Current			
Public safety	66,689	7,490	-
Miscellaneous	-	-	-
Capital outlay	-	-	279,716
Debt service			
Principal	-	-	-
Interest and other	-	-	97,058
Total expenditures	<u>66,689</u>	<u>7,490</u>	<u>376,774</u>
Excess (deficiency) of revenues over expenditures	<u>26,332</u>	<u>(3,482)</u>	<u>(376,774)</u>
Other financing sources (uses)			
Issuance of debt	-	-	535,737
Premium on bonds sold	-	-	67,226
Payment on refunded debt	-	-	-
Transfers in	-	-	200,000
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>802,963</u>
Net change in fund balance	26,332	(3,482)	426,189
Fund balance			
Beginning of year	<u>88,793</u>	<u>14,650</u>	<u>-</u>
End of year	<u>\$ 115,125</u>	<u>\$ 11,168</u>	<u>\$ 426,189</u>

Debt Service Funds			Total Nonmajor Governmental Funds
SSA Debt Service	General Obligation Bonds		
\$ 304,653	\$ 394,236	\$ 791,791	
-	-	4,001	
1,153	17	1,296	
305,806	394,253	797,088	
-	-	74,179	
11,459	-	11,459	
-	-	279,716	
145,000	320,000	465,000	
94,100	60,237	251,395	
250,559	380,237	1,081,749	
55,247	14,016	(284,661)	
2,118,359	1,445,904	4,100,000	
-	-	67,226	
(2,118,359)	(1,445,904)	(3,564,263)	
-	100,000	300,000	
(300,000)	-	(300,000)	
(300,000)	100,000	602,963	
(244,753)	114,016	318,302	
365,291	403,995	872,729	
\$ 120,538	\$ 518,011	\$ 1,191,031	

Village of Harwood Heights, Illinois

Emergency Telephone System Fund

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

Year Ended April 30, 2015

	Original and Final <u>Appropriation</u>	<u>Actual</u>	Variance Over / (Under)
Revenues			
Taxes			
911 tax	\$ 90,000	\$ 92,902	\$ 2,902
Interest income	<u>100</u>	<u>119</u>	<u>19</u>
Total revenues	<u>90,100</u>	<u>93,021</u>	<u>2,921</u>
Expenditures			
Public safety			
Telephone	34,000	30,808	(3,192)
Seminars and conferences	2,000	2,912	912
Maintenance	21,000	10,938	(10,062)
Bank fees	200	166	(34)
Service contracts - equipment maintenance	10,000	2,451	(7,549)
Service contracts - IT general	<u>18,144</u>	<u>19,414</u>	<u>1,270</u>
Total public safety	85,344	66,689	(18,655)
Capital outlay			
Other equipment	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
Total expenditures	<u>89,344</u>	<u>66,689</u>	<u>(22,655)</u>
Excess of revenues over expenditures	\$ <u><u>756</u></u>	26,332	\$ <u><u>25,576</u></u>
Fund balance			
Beginning of year		<u>88,793</u>	
End of year		\$ <u><u>115,125</u></u>	

Village of Harwood Heights, Illinois

SSA Debt Service Fund

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

Year Ended April 30, 2015

	Original and Final Appropriation	Actual	Variance Over / (Under)
Revenues			
Taxes	\$ 300,000	\$ 304,653	\$ 4,653
Interest income	1,000	1,153	153
Total revenues	301,000	305,806	4,806
Expenditures			
Current			
SSA Administrative	10,000	4,030	(5,970)
Service contracts - municipal	8,000	7,429	(571)
Bank fees	31	-	(31)
Total current	18,031	11,459	(6,572)
Debt service			
Principal	145,000	145,000	-
Interest and other	94,100	94,100	-
Total debt service	239,100	239,100	-
Total expenditures	257,131	250,559	(6,572)
Excess of revenues over expenditures	43,869	55,247	11,378
Other financing sources (uses)			
Issuance of debt	-	2,118,359	2,118,359
Payment on refunded debt	-	(2,118,359)	(2,118,359)
Transfer (out)	-	(300,000)	(300,000)
Total other financing sources (uses)	-	(300,000)	(300,000)
Net change in fund balance	\$ 43,869	(244,753)	\$ (288,622)
Fund balance			
Beginning of year		365,291	
End of year		\$ 120,538	

Village of Harwood Heights, Illinois

General Obligation Bonds Fund

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

Year Ended April 30, 2015

	Original and Final Appropriation	Actual	Variance Over / (Under)
Revenues			
Taxes	\$ 380,238	\$ 394,236	\$ 13,998
Interest income	75	17	(58)
Total revenues	380,313	394,253	13,940
Expenditures			
Debt service			
Principal	320,000	320,000	-
Interest and other	60,238	60,237	(1)
Total debt service	380,238	380,237	(1)
Total expenditures	380,238	380,237	(1)
Excess of revenues over expenditures	75	14,016	13,941
Other financing sources (uses)			
Issuance of debt	-	1,445,904	1,445,904
Payment on refunded debt	-	(1,445,904)	(1,445,904)
Transfer in	-	100,000	100,000
Total other financing sources (uses)	-	100,000	100,000
Net change in fund balance	\$ 75	114,016	\$ 113,941
Fund balance			
Beginning of year		403,995	
End of year		\$ 518,011	

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 - APPROPRIATION AND ACTUAL

Year Ended April 30, 2015

	Original and Final Appropriation	Actual	Variance Over / (Under)
Operating revenues			
Charges for sales and services			
Water sales	\$ 1,664,529	\$ 1,881,352	\$ 216,823
Sewer fees	220,000	166,863	(53,137)
Water taps	3,000	6,089	3,089
Meter sales	5,000	5,575	575
Water miscellaneous	5,000	6,011	1,011
Total charges for sales and services	1,897,529	2,065,890	168,361
Penalties	15,000	50,001	35,001
Total operating revenues	1,912,529	2,115,891	203,362
Nonoperating revenues			
Antenna leasing	31,489	22,111	(9,378)
Intergovernmental - SRF	325,000	200,000	(125,000)
Interest income	600	199	(401)
Total nonoperating revenues before transfers in	357,089	222,310	(134,779)
Transfer in	545,844	-	(545,844)
Total revenues	\$ 2,815,462	\$ 2,338,201	\$ (477,261)

(Continued)

Village of Harwood Heights, Illinois

Water and Sewer Fund

SCHEDULE OF DETAILED EXPENSES - APPROPRIATION AND ACTUAL

Year Ended April 30, 2015

	Original and Final Appropriation	Actual	Variance Over / (Under)
Operating expenses			
Personal services			
Water Commissioner	\$ 6,600	\$ 6,600	\$ -
Collector	1,800	1,800	-
Meter reading	15,000	7,200	(7,800)
Maintenance men	326,510	326,510	-
Office clerks	128,750	128,750	-
FICA taxes	1,500	1,056	(444)
State unemployment tax	135	131	(4)
	<u>480,295</u>	<u>472,047</u>	<u>(8,248)</u>
Total personal services			
Commodities			
Office supplies	2,000	-	(2,000)
Building maintenance supplies	1,000	494	(506)
Vehicle gas and oil	15,000	10,030	(4,970)
Purchase of water	1,074,268	1,024,966	(49,302)
Electric power and gas	25,000	20,181	(4,819)
Chlorine	2,000	-	(2,000)
Pump room supplies	2,000	7,434	5,434
Outside maintenance supplies	15,000	15,494	494
Hydrant parts	2,000	4,018	2,018
Meter purchases	5,000	1,645	(3,355)
Uniforms	4,200	2,586	(1,614)
	<u>1,147,468</u>	<u>1,086,848</u>	<u>(60,620)</u>
Total commodities			

(Continued)

Village of Harwood Heights, Illinois

Water and Sewer Fund

SCHEDULE OF DETAILED EXPENSES - APPROPRIATION AND ACTUAL

Year Ended April 30, 2015

	Original and Final Appropriation	Actual	Variance Over / (Under)
Operating expenses (continued)			
Other services			
City of Chicago sewer fees	\$ 282,300	\$ 311,129	\$ 28,829
Engineering	10,000	2,763	(7,237)
Telephone	4,500	4,362	(138)
Postage	7,500	5,000	(2,500)
Legal fees	2,000	-	(2,000)
Water testing	3,000	4,006	1,006
Dues, lectures, and conference fees	2,000	1,769	(231)
Auditing	6,000	6,000	-
Street, sidewalk, and parkway repair	15,000	15,484	484
Main testing and maintenance	3,000	2,724	(276)
Buildings and grounds maintenance	3,000	708	(2,292)
Reservoir and tower maintenance	10,000	14,259	4,259
Equipment maintenance	8,000	4,634	(3,366)
Vehicle repair and maintenance	15,000	12,692	(2,308)
Outside service - breaks	1	4,791	4,790
Outside service - taps	1	-	(1)
Water service - miscellaneous	1,000	1,515	515
Printing	1,000	1,868	868
Single family flood relief grant	15,000	3,000	(12,000)
Insurance-property, liability, and auto	52,597	54,564	1,967
Sewer Repair	10,000	3,975	(6,025)
Contractual services - innovative	1,500	-	(1,500)
Contractual services - census	2,000	2,002	2
Contractual services - backflow	7,296	4,864	(2,432)
Dump Fees	10,000	15,812	5,812
Permits	1,000	1,000	-
Total other services	<u>472,695</u>	<u>478,921</u>	<u>6,226</u>

(Continued)

Village of Harwood Heights, Illinois

Water and Sewer Fund

SCHEDULE OF DETAILED EXPENSES - APPROPRIATION AND ACTUAL

Year Ended April 30, 2015

	Original and Final <u>Appropriation</u>	<u>Actual</u>	Variance Over / (Under)
Operating expenses (continued)			
Capital outlay			
Equipment and vehicles	\$ 2	\$ 2,150	\$ 2,148
Backhoe	19,000	-	(19,000)
Box Truck	13,000	-	(13,000)
Sewer Rodder	15,000	-	(15,000)
Fire hydrants	6,000	-	(6,000)
Building improvements	1	-	(1)
Security	7,000	4,696	(2,304)
Water	320,000	-	(320,000)
Utilities	10,000	-	(10,000)
Pump room equipment	1	3,100	3,099
Engineering SRF	325,000	-	(325,000)
Total capital outlay	<u>715,004</u>	<u>9,946</u>	<u>(705,058)</u>
Depreciation	<u>-</u>	<u>93,150</u>	<u>93,150</u>
Total operating expenses	<u>2,815,462</u>	<u>2,140,912</u>	<u>(674,550)</u>
Nonoperating expenses			
Interest expense	<u>-</u>	<u>377</u>	<u>377</u>
Total nonoperating expenses	<u>-</u>	<u>377</u>	<u>377</u>
Total expenses	\$ <u>2,815,462</u>	\$ <u>2,141,289</u>	\$ <u>(674,173)</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, 2015

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balances</u>
ASSETS				
Cash	\$ 81,982	\$ -	\$ 1,073	\$ 80,909
Due from other funds	<u>16,803</u>	<u>17,888</u>	<u>16,803</u>	<u>17,888</u>
Total assets	<u>\$ 98,785</u>	<u>\$ 17,888</u>	<u>\$ 17,876</u>	<u>\$ 98,797</u>
LIABILITIES				
Due to property owners	\$ <u>98,785</u>	\$ <u>12</u>	\$ <u>-</u>	\$ <u>98,797</u>
Total liabilities	<u>\$ 98,785</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 98,797</u>

OTHER SUPPLEMENTAL INFORMATION (Unaudited)

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

	2015	2014	2013**	2012**	2011
Revenues					
Taxes	\$4,147,841	\$ 4,269,245	\$3,910,883	\$4,060,950	\$3,856,463
Intergovernmental	2,498,110	3,911,228	3,704,343	2,476,994	2,503,350
Licenses and Permits	477,486	395,766	577,783	405,655	390,189
Fines	899,185	1,145,097	759,912	715,279	797,553
Charges for Services	32,467	51,446	38,030	40,008	55,642
Investment Income	2,007	2,213	3,130	3,731	7,553
Miscellaneous	436,048	882,231	897,971	1,117,397	1,072,979
Total Revenues	8,493,144	10,657,226	9,892,052	8,820,014	8,683,729
Expenditures					
General Government	1,671,146	2,091,536	1,562,552	1,381,726	1,431,195
Public Safety	4,498,279	4,521,439	4,178,433	4,072,129	3,929,959
Public Works	1,129,796	1,375,412	1,562,224	1,687,894	1,282,919
Grant	-	1,828,750	1,364,014	357,633	588,746
Miscellaneous	11,459	6,368	9,893	8,873	13,191
Capital Outlay	638,687	276,159	264,282	238,052	115,828
Debt Service					
Principal	1,544,526	445,494	425,055	572,762	652,510
Interest and Other	265,419	220,551	238,570	239,951	269,428
Total Expenditures	9,759,312	10,765,709	9,605,023	8,559,020	8,283,776
Other Financing Sources (Uses)					
Transfer (out)	(300,000)	-	-	(989)	-
Transfer in	300,000	-	-	989	20,985
Payment on Refunded Debt	(3,564,263)	-	-	-	-
Issuance of Debt	4,100,000	1,370,118	22,466	210,255	1,102,534
Premium on Bonds Sold	67,226	-	-	-	-
Total Other Financing Sources (Uses)	602,963	1,370,118	22,466	210,255	1,123,519
Net Change in Fund Balance	(663,205)	1,261,635	309,495	471,249	1,523,472
Fund Balance					
Beginning of Year	4,681,566	3,419,931	3,110,436	3,961,376	2,437,904
End of Year	<u>\$4,018,361</u>	<u>\$ 4,681,566</u>	<u>\$3,419,931</u>	<u>\$4,432,625</u>	<u>\$3,961,376</u>

**Note: A prior period adjustment was recorded to restate the beginning fund balance for the year ended April 30, 2013 for a liability related to prior years.

Village of Harwood Heights, Illinois

NET POSITION BY COMPONENT

Last Five Fiscal Years

	2015	2014	2013	2012	2011
Governmental activities					
Net investment in capital assets	\$ 9,818,034	\$ 9,592,398	\$ 7,764,490	\$ 6,315,694	\$ 6,084,016
Restricted	1,137,161	1,348,296	998,335	1,853,341	2,139,396
Unrestricted	(1,187,690)	(1,285,594)	(787,587)	(454,428)	(1,048,258)
Total governmental activities	9,767,505	9,655,100	7,975,238	7,714,607	7,175,154
Business-type activities					
Net investment in capital assets	2,172,997	1,475,380	1,426,843	1,440,254	1,457,257
Unrestricted	83,741	584,446	704,329	715,828	940,031
Total business-type activities	2,256,738	2,059,826	2,131,172	2,156,082	2,397,288
Total	\$ 12,024,243	\$ 11,714,926	\$ 10,106,410	\$ 9,870,689	\$ 9,572,442