

**The Village of
Harwood Heights, Illinois**

Annual Financial Report

Year Ended April 30, 2023

Village of Harwood Heights, Illinois
ANNUAL FINANCIAL REPORT
Year Ended April 30, 2023

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(Concluded)

INTRODUCTORY SECTION (UNAUDITED)

Village of Harwood Heights, Illinois

PRINCIPAL OFFICIALS

Year Ended April 30, 2023

Arlene Jeziorny, Mayor

Marcia Pollowy, Village Clerk

Mary Ventrella, Treasurer

Board of Trustees

Lawrence Steiner

Anna Wegrecki

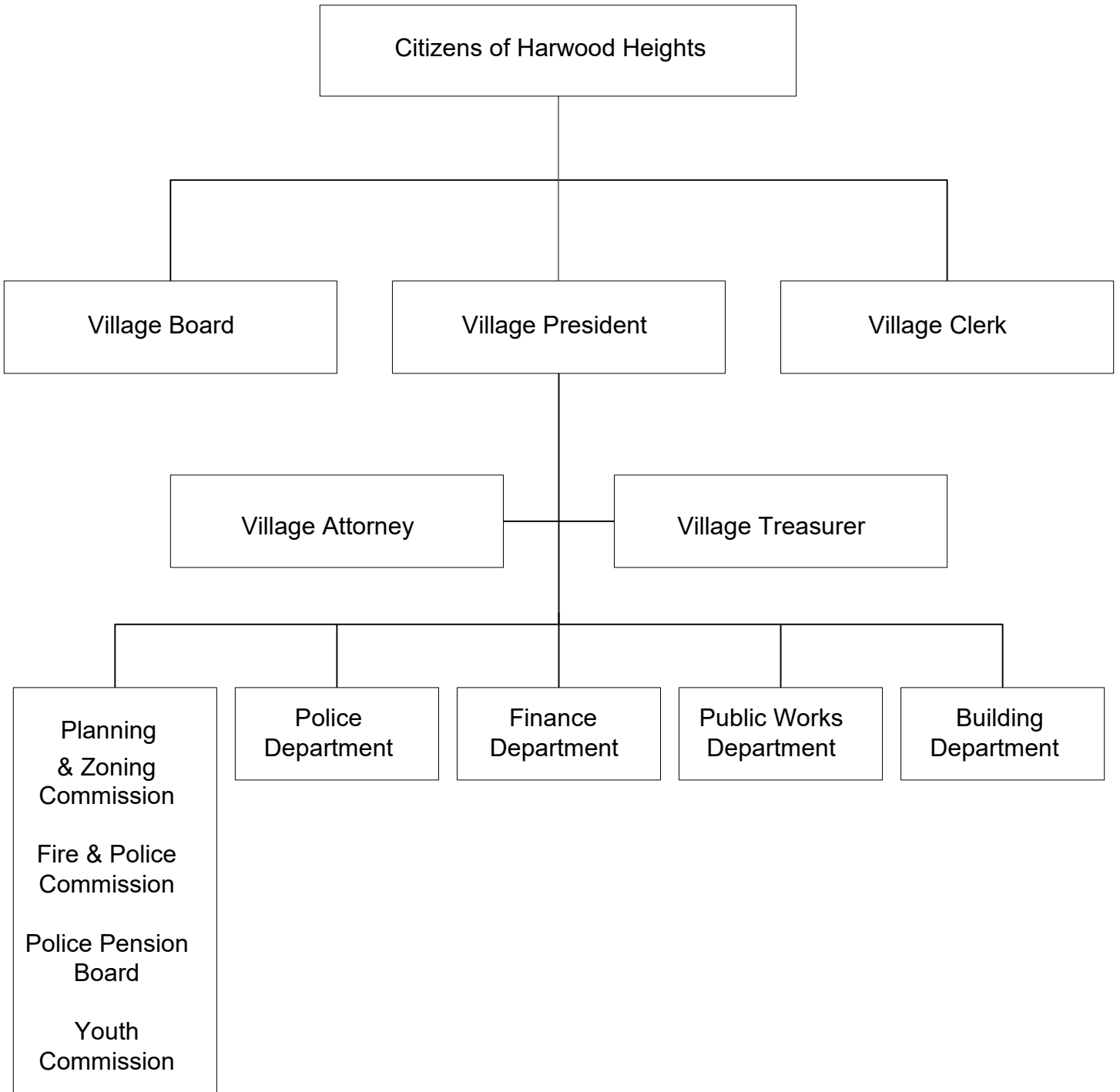
Giuseppe Zerillo

Zbigniew Lewandowski

Annette Brzezniak-Volpe

Gene Brutto

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
Harwood Heights, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the 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 (the Village), as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of April 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

(Continued)

Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

(Continued)

Required Supplementary Information

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

Supplementary Financial Information

Our audit for the year ended April 30, 2023 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying supplementary financial information, as listed in the table of contents, for the year ended April 30, 2023 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary financial information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended April 30, 2023.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and other supplemental information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Other Information (Continued)

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

MILLER, COOPER & CO., LTD.



Certified Public Accountants

Deerfield, Illinois
October 24, 2023

Village of Harwood Heights, Illinois
Management's Discussion and Analysis (Unaudited)
April 30, 2023

The Village of Harwood Heights, Illinois (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. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- Net deficit of governmental activities increased by \$1,091,239 or 41.57% from prior year.
- Net position in business-type activities increased \$372,623 or 7.80% from prior year.

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 fund financial statements. Both perspectives (government-wide and fund financial statements) 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, deferred outflows, 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 and amortization.

FUND FINANCIAL STATEMENTS

Traditional users of governmental financial statements will find the fund financial statements presentation to be more familiar. 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.

Village of Harwood Heights, Illinois
Management's Discussion and Analysis (Unaudited)
April 30, 2023

FUND FINANCIAL STATEMENTS (Continued)

Governmental Funds

The governmental major funds are presented on a current financial 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 funds. These funds comprise the business-type category reported in the government-wide statements and fund financial 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 Fund – Police Pension Trust Fund

The Police Pension Trust Fund is excluded from the government-wide financial statements. While this fund represents trust responsibilities of the Village, these assets are restricted in purpose and do not represent discretionary assets of the Village. Therefore, these assets are not presented as part of the government-wide financial statements.

As of May 1, 2022, the Police Pension Fund is the Village's only fiduciary fund.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a better understanding of the data provided in the government wide and fund financial statements. 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 (Unaudited)
April 30, 2023

FUND FINANCIAL STATEMENTS (Continued)

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's pension benefits to its employees. Required supplementary information can be found on pages 80 - 94 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 95 - 109 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 the governmental activities and business-type activities of the government-wide statements. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful life or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. The Village has chosen to depreciate assets over their useful lives. If a project is considered maintenance - a recurring cost that does not extend the asset's original useful life or expand its capacity - the cost of the project will be expensed. For example, the "overlay" of a street will be considered maintenance whereas a "rebuild" of a street will be capitalized.

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position (Deficit)

Net position (deficit) can be a useful indicator of a government's financial condition and is defined as the amount by which assets and deferred outflows exceed liabilities and deferred inflows of resources. A significant portion of the Village's net position (deficit) reflects its investment in capital assets, net of depreciation and amortization (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 (Unaudited)
April 30, 2023

GOVERNMENT-WIDE STATEMENTS (Continued)

Statement of Net Position (Deficit) (Continued)

Statement of Net Position						
As of April 30,						
	Governmental		Business-Type		Total	
	Activities		Activity		Government	
	2022	2023	2022	2023	2022	2023
Assets						
Current/Other Assets	\$19,344,689	\$17,922,670	\$1,261,899	\$1,100,494	\$20,606,588	\$19,023,164
Internal Balances	-	(205,667)	-	205,667	-	-
Capital Assets*	16,615,204	16,496,837	6,682,800	6,619,282	23,298,004	23,116,119
Total Assets	35,959,893	34,213,840	7,944,699	7,925,443	43,904,592	42,139,283
Deferred Outflows of Resources						
Deferred Outflows Related to Pensions	5,523,740	5,711,314	80,395	212,650	5,604,135	5,923,964
Total Deferred Outflows	5,523,740	5,711,314	80,395	212,650	5,604,135	5,923,964
Liabilities						
Current/Other Liabilities	2,356,627	2,879,817	335,403	340,362	2,692,030	3,220,179
Long-Term Liabilities	37,721,299	37,530,905	2,613,503	2,626,676	40,334,802	40,157,581
Total Liabilities	40,077,926	40,410,722	2,948,906	2,967,038	43,026,832	43,377,760
Deferred Inflows of Resources						
Property Taxes Levied for a Future Period	982,672	1,110,304	-	-	982,672	1,110,304
Deferred Inflows Related to Pensions	1,957,129	1,029,461	298,352	20,596	2,255,481	1,050,057
Total Deferred Inflows	2,939,801	2,139,765	298,352	20,596	3,238,153	2,160,361
Net Position (Deficit)						
Net Investment in Capital Assets	12,464,204	12,625,494	4,021,607	4,216,404	16,485,811	16,841,898
Restricted by Enabling Legislation	11,734,561	9,653,509	-	-	11,734,561	9,653,509
Unrestricted	(25,732,859)	(24,904,336)	756,229	934,055	(24,976,630)	(23,970,281)
Total Net Position (Deficit)	(\$1,534,094)	(\$2,625,333)	\$4,777,836	\$5,150,459	\$3,243,742	\$2,525,126

*Includes right to use leased assets.

Village of Harwood Heights, Illinois
Management's Discussion and Analysis (Unaudited)
April 30, 2023

GOVERNMENT-WIDE STATEMENTS (Continued)

Changes in Net Position

The following table summarizes the revenues, expenses, and net position of the Village's activities.

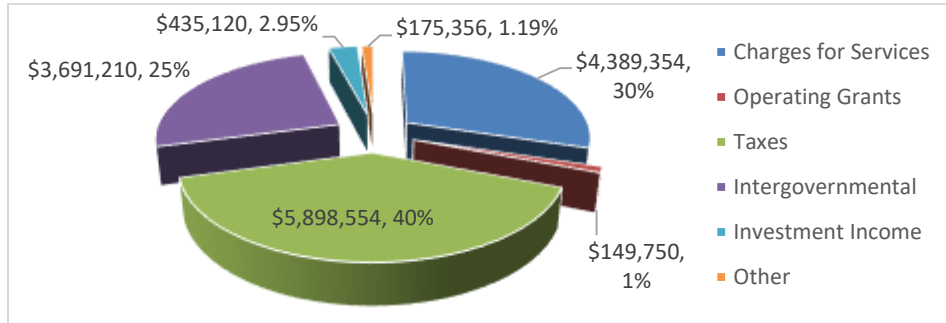
Changes in Net Position (Deficit)
For the Fiscal Year Ended April 30,

	Governmental Activities		Business-Type Activity		Total Government	
	2022	2023	2022	2023	2022	2023
Revenues						
Program revenues						
Charges for Services	\$1,729,428	\$1,624,355	\$2,662,291	\$2,764,999	\$4,391,719	\$4,389,354
Operating Grants	86,844	149,750	-	-	86,844	149,750
General Revenues						
Taxes	5,876,802	5,898,554	-	-	5,876,802	5,898,554
Intergovernmental	4,426,032	3,691,210	-	-	4,426,032	3,691,210
Investment Income	12,947	435,030	70	90	13,017	435,120
Other	31,539	135,959	38,249	39,397	69,788	175,356
Transfers	(205,667)	(205,667)	205,667	205,667	-	-
Total Revenues	\$11,957,925	\$11,729,191	\$2,906,277	\$3,010,153	14,864,202	14,739,344
Expenses						
General Government	1,617,785	2,877,397	-	-	1,617,785	2,877,397
Public Safety	7,090,399	7,630,508	-	-	7,090,399	7,630,508
Public Works	1,728,979	1,929,122	-	-	1,728,979	1,929,122
Interest	177,106	383,403	-	-	177,106	383,403
Water	-	-	2,268,798	2,637,530	2,268,798	2,637,530
Total Expenses	10,614,269	12,820,430	2,268,798	2,637,530	12,883,067	15,457,960
Change in Net Position (Deficit)	1,343,656	(1,091,239)	637,479	372,623	1,981,135	(718,616)
Beginning Net Position (Deficit)	(\$2,877,750)	(\$1,534,094)	\$4,140,357	\$4,777,836	\$1,262,607	\$3,243,742
Ending Net Position (Deficit)	(1,534,094)	(\$2,625,333)	\$4,777,836	\$5,150,459	\$3,243,742	\$2,525,126

**Village of Harwood Heights, Illinois
Management’s Discussion and Analysis (Unaudited)
April 30, 2023**

GOVERNMENT-WIDE STATEMENTS (Continued)

Total Fiscal Year 2023 Revenues



For the fiscal year ended April 30, 2023, revenues totaled approximately \$14.74 million. The Village benefits from a highly diversified revenue base. The “taxes” classification includes property taxes as well as other taxes collected directly by the Village. Revenues from the Village’s largest single source, property taxes, amounted to approximately \$2.11 million excluding R&B property tax dollars. Property taxes support governmental activities, debt service payments, (G.O. & SSA Debt) and the Village’s contribution to the Harwood Heights Police Pension Fund. Between fiscal years 2022 and 2023, total property tax revenues decreased by 11.72%. The decrease can be attributed directly to dollars that were collected by Cook County but have yet been sent to Police Pension.

The two major types of sales taxes are the retailer’s occupation tax (ROT) and the home-rule sales tax. Both of these sales taxes are collected by the State of Illinois. A portion of the ROT is shared by the state with its municipalities based upon the point of sale. In fiscal year 2023, ROT revenue was approximately \$2.17 million compared to approximately \$2.11 million in 2022. Home-rule sales tax revenue was approximately \$1.84 million compared to approximately \$1.71 million in 2022. Sales tax dollars collected have been steady since the end of the Covid-19 pandemic.

Income taxes are also shared by the state, but on a per-capita basis. In fiscal year 2023, state income tax revenue was approximately \$1,395,000, a decrease of approximately \$15,000 from the previous year.

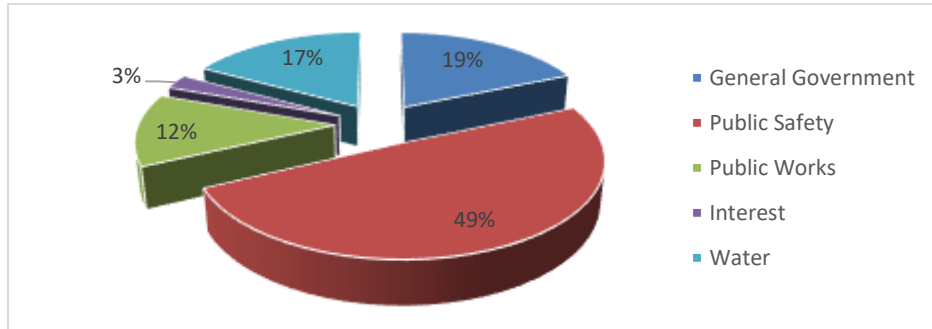
Real Estate Transfer Tax has been consistent within the last few years. In both fiscal years 2022 and 2023 there were no large commercial real-estate purchases, as compared to years prior, where the tax raised was in excess of \$1M. In 2023 the Village recognized \$552,706 in Real Estate Transfer Tax, which is still substantive and reflects a solid real-estate market.

The Village’s sole business-type activity is its Water and Sewer Department. Water service charges, sewer fees, grants, transfers and late payment penalties for fiscal year 2023 totaled approximately \$2.77 million, an increase of 4.14% from the prior year. The increase can be attributed to an increase in rates to cover rising expenses.

**Village of Harwood Heights, Illinois
Management’s Discussion and Analysis (Unaudited)
April 30, 2023**

GOVERNMENT-WIDE STATEMENTS (Continued)

Total Fiscal Year 2023 Expenses



The Village of Harwood Heights expenses totaled approximately \$15.46 million in fiscal year 2023. This represents an increase of approximately \$2.58 million or (9.32%) from the prior year.

Public safety costs comprise the greatest portion of the Village’s total expenses. Public safety costs increased by 7.62%, from approximately \$7.09 million in 2022 to approximately \$7.63 million in 2023. The increase is related to higher personnel-related costs associated with the Village’s police department in fiscal year 2023 and an increase in the police pension liability compared to the prior year.

In the business-type activities, the expenses of the water and sewer function commodities and operating expenses totaled approximately \$2.64 million in 2023. This includes \$1,118,344 for water purchased in 2023 which increased by 2.61% compared to the previous year, and \$381,955 for sewer fees in 2023 which increased by 4.57% compared to the previous year. Water consumption was down in 2023, but revenue slightly increased due to an increase in rates. Personnel services in the amount of \$452,483 in 2023 were provided by public works and administration employees.

Village of Harwood Heights, Illinois
Management's Discussion and Analysis (Unaudited)
April 30, 2023

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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 2023, the Village amended its appropriation ordinance.

General Fund Revenues

	FY2023 Amended Appropriation	FY 2023 Actual	Dollar Variance	Percent Variance
Revenues				
Taxes	\$4,733,031	\$5,208,333	(\$475,302)	-10.04%
Intergovernmental	4,216,548	3,746,366	\$470,182	11.15%
Licenses and Permits	516,070	479,090	\$36,980	7.17%
Fines	675,910	682,983	(\$7,073)	-1.05%
Charges for Services	364,587	367,123	(\$2,536)	-0.70%
Investment Income	400,410	412,680	(\$12,270)	-3.06%
Miscellaneous Revenues	228,716	230,560	(\$1,844)	-0.81%
Total Revenues	\$11,135,272	\$11,127,135	\$8,137	0.07%

Total General Fund revenue came in over the budget by \$8,137, or 0.07%.

General Fund Expenditures

	FY2023 Amended Appropriation	FY 2023 Actual	Dollar Variance	Percent Variance
Expenditures				
General Government	\$1,791,190	\$1,804,351	\$13,161	0.73%
Public Safety	5,401,225	7,530,976	\$2,129,751	39.43%
Public Works	1,384,738	1,379,572	(\$5,166)	-0.37%
Debt Service	183,959	205,107	\$21,148	11.50%
Capital Outlay	285,181	357,194	\$72,013	25.25%
Total Expenditures	\$9,046,293	\$11,277,200	\$2,230,907	24.66%

Total General Fund expenditures came in over the budget by \$2,230,907, or 24.66% mostly due to a \$2,000,000 Police Pension payment made right before year end.

As of April 30, 2023, the General Fund reported an ending fund balance of \$13,676,362.

Village of Harwood Heights, Illinois
Management's Discussion and Analysis (Unaudited)
April 30, 2023

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (Continued)

Capital Assets

The following schedule reflects the Village's capital asset balances as of April 30, 2023, and 2022, net of accumulated depreciation of \$23,006,042 and \$23,298,004, respectively.

Asset Type	Governmental Activities		Business-Type Activity		Total Government	
	2022	2023	2022	2023	2022	2023
	Construction In Process	\$1,332,025	\$362,461	\$ -	\$ 88,150	\$1,332,025
Land	629,428	629,428	-	-	629,428	629,428
Buildings	6,159,668	5,935,478	-	-	6,159,668	5,935,478
Machinery and Equipment*	376,842	526,578	166,817	182,705	543,659	709,283
Land Improvements	1,069	-	-	-	1,069	-
Infrastructure	8,116,172	9,042,892	6,515,983	6,348,427	14,632,155	15,391,319
Total Capital Assets	\$16,615,204	\$16,496,837	\$6,682,800	\$6,619,282	\$23,298,004	\$23,116,119

*Includes right to use leased assets

**See Note A-2 in the footnotes in regard to the implementation of GASB 87, *Leases*

At the end of the fiscal year 2023, the Village had a combined total government net capital asset of approximately \$23.12 million invested in a broad range of capital assets including land, buildings, vehicles, streets, water mains, and sewer lines. For more detailed information on capital asset activity, see Note E in the notes to the financial statements.

Long-Term Liabilities

The table below summarizes the Village's bonded and other indebtedness.

Long-Term Debt

	Governmental Activities		Business-Type Activity		Total Government	
	2022	2023	2022	2023	2022	2023
	General Obligation Bonds	\$15,210,483	\$14,431,768	\$ -	\$ -	\$15,210,483
Lease Liabilities**	62,423	16,111	37,207	-	99,630	16,111
Notes Payable	396,656	327,438	2,623,985	2,466,396	3,020,641	2,793,834
Compensated Absences	1,218,627	1,282,024	-	-	1,218,627	1,282,024
Net Pension Liabilities	20,302,939	20,332,080	-	115,666	20,302,939	20,447,746
Net Other Post-Employment Benefit Obligations	1,487,418	2,074,279	147,107	205,148	1,634,525	2,279,427
Total	\$38,678,546	\$38,463,700	\$2,808,299	\$2,787,210	\$41,486,845	\$41,250,910

Village of Harwood Heights, Illinois
Management's Discussion and Analysis (Unaudited)
April 30, 2023

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (Continued)

Long-Term Liabilities (Continued)

As of April 30, 2023, the Village had a total of approximately \$41.25 million of long-term debt outstanding. Of this amount, approximately \$14.43 million was in the form of general obligation bonds backed by the full faith and credit of the Village government. As an Illinois home-rule community, the Village is not subject to any debt limitation. In its most recent rating, Standard and Poor's Ratings Services affirmed an A+ Negative credit rating for the Village's general obligation bonds.

For more detailed information on the Village's bonded and similar indebtedness, see Note H in the notes to the financial statements.

Factors Bearing on the Village's Future

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 rebounded back from the direct and indirect impact of the COVID-19 pandemic. Economic development is once again on the rise after the initial slowdown from COVID-19. Key vacant commercial parcels are beginning to fill back up, which should lead an increase in economic activity. Long-range goals continue to be the 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 (DEFICIT)
April 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current			
Cash, cash equivalents, and investments	\$ 15,620,640	\$ 649,023	\$ 16,269,663
Receivables, net of allowance for uncollectibles	2,277,384	384,342	2,661,726
Prepaid items	24,646	67,129	91,775
Noncurrent assets			
Internal balances	(205,667)	205,667	-
Capital assets			
Capital assets not being depreciated	991,889	88,150	1,080,039
Capital assets, net of accumulated depreciation	15,394,871	6,531,132	21,926,003
Right to use leased assets, net of amortization	110,077	-	110,077
Total assets	34,213,840	7,925,443	42,139,283
DEFERRED OUTFLOWS RELATED TO PENSIONS	5,711,314	212,650	5,923,964

(Continued)

The accompanying notes are an integral part of this statement.

Village of Harwood Heights, Illinois
STATEMENT OF NET POSITION (DEFICIT) (Continued)
April 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
LIABILITIES			
Current			
Current portion of long-term liabilities	\$ 932,795	\$ 160,534	\$ 1,093,329
Accounts payable	227,508	170,143	397,651
Accrued payroll liabilities	16,930	-	16,930
Deposits payable	227,614	-	227,614
Pledged sales taxes payable	45,773	-	45,773
Interest payable	161,307	9,685	170,992
Unearned revenue	1,267,890	-	1,267,890
Long-term liabilities			
Due in more than one year	<u>37,530,905</u>	<u>2,626,676</u>	<u>40,157,581</u>
Total liabilities	<u>40,410,722</u>	<u>2,967,038</u>	<u>43,377,760</u>
DEFERRED INFLOWS			
Property taxes levied for a future period	1,110,304	-	1,110,304
Deferred inflows related to pensions	<u>1,029,461</u>	<u>20,596</u>	<u>1,050,057</u>
Total deferred inflows	<u>2,139,765</u>	<u>20,596</u>	<u>2,160,361</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	12,625,494	4,216,404	16,841,898
Restricted by enabling legislation	9,653,509	-	9,653,509
Unrestricted	<u>(24,904,336)</u>	<u>934,055</u>	<u>(23,970,281)</u>
Total net position (deficit)	<u>\$ (2,625,333)</u>	<u>\$ 5,150,459</u>	<u>\$ 2,525,126</u>

The accompanying notes are an integral part of this statement.

Village of Harwood Heights, Illinois
STATEMENT OF ACTIVITIES
Year Ended April 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants</u>
Governmental activities			
General government	\$ 2,877,397	\$ 730,986	\$ 149,750
Public safety	7,630,508	684,421	-
Public works	1,929,122	208,948	-
Interest	383,403	-	-
	<u>12,820,430</u>	<u>1,624,355</u>	<u>149,750</u>
Business-type activities			
Water and sewer	<u>2,637,530</u>	<u>2,764,999</u>	<u>-</u>
	<u>\$ 15,457,960</u>	<u>\$ 4,389,354</u>	<u>\$ 149,750</u>
General revenues			
Taxes			
Intergovernmental			
Investment earnings			
Other			
Transfers			
Total general revenues and transfers			
Change in net position			
Net position (deficit) - beginning of year			
Net position (deficit) - 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
\$ (1,996,661)	\$ -	\$ (1,996,661)
(6,946,087)	-	(6,946,087)
(1,720,174)	-	(1,720,174)
(383,403)	-	(383,403)
<u>(11,046,325)</u>	<u>-</u>	<u>(11,046,325)</u>
<u>-</u>	<u>127,469</u>	<u>127,469</u>
<u>(11,046,325)</u>	<u>127,469</u>	<u>(10,918,856)</u>
5,898,554	-	5,898,554
3,691,210	-	3,691,210
435,030	90	435,120
135,959	39,397	175,356
(205,667)	205,667	-
<u>9,955,086</u>	<u>245,154</u>	<u>10,200,240</u>
(1,091,239)	372,623	(718,616)
<u>(1,534,094)</u>	<u>4,777,836</u>	<u>3,243,742</u>
<u>\$ (2,625,333)</u>	<u>\$ 5,150,459</u>	<u>\$ 2,525,126</u>

Village of Harwood Heights, Illinois

Governmental Funds
BALANCE SHEET
April 30, 2023

	<u>General</u>	<u>General Obligation Bonds</u>	<u>Capital Projects</u>	<u>Motor Fuel Tax</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash, cash equivalents, and investments	\$ 14,331,410	\$ -	\$ -	\$ 1,012,512	\$ 276,718	\$ 15,620,640
Receivables, net of allowances						
Property taxes	917,821	189,483	-	-	-	1,107,304
Intergovernmental	998,231	-	-	32,206	-	1,030,437
Other	139,643	-	-	-	-	139,643
Prepays	24,646	-	-	-	-	24,646
Due from other funds	389,356	449,182	23,865	-	-	862,403
	<u>16,801,107</u>	<u>638,665</u>	<u>23,865</u>	<u>1,044,718</u>	<u>276,718</u>	<u>18,785,073</u>
Total assets	<u>\$ 16,801,107</u>	<u>\$ 638,665</u>	<u>\$ 23,865</u>	<u>\$ 1,044,718</u>	<u>\$ 276,718</u>	<u>\$ 18,785,073</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES (DEFICITS)						
Liabilities						
Accounts payable	\$ 172,670	\$ -	\$ 36,142	\$ 18,658	\$ 38	\$ 227,508
Accrued payroll liabilities	16,930	-	-	-	-	16,930
Deposits payable	227,614	-	-	-	-	227,614
Pledged sales taxes payable	45,773	-	-	-	-	45,773
Due to other funds	473,047	205,667	-	-	389,356	1,068,070
Unearned revenue	1,267,890	-	-	-	-	1,267,890
	<u>2,203,924</u>	<u>205,667</u>	<u>36,142</u>	<u>18,658</u>	<u>389,394</u>	<u>2,853,785</u>
Total liabilities	<u>2,203,924</u>	<u>205,667</u>	<u>36,142</u>	<u>18,658</u>	<u>389,394</u>	<u>2,853,785</u>
Deferred inflows						
Property taxes levied for a future period	920,821	189,483	-	-	-	1,110,304
	<u>920,821</u>	<u>189,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,110,304</u>
Fund balances (deficits)						
Nonspendable	414,002	-	-	-	-	414,002
Assigned	20,160	-	-	-	-	20,160
Restricted						
Special revenue funds	-	-	-	1,026,060	24,034	1,050,094
Debt service	-	243,515	-	-	-	243,515
Committed						
Unspent bond proceeds - Police Pension	8,335,254	-	-	-	-	8,335,254
Unassigned	4,906,946	-	(12,277)	-	(136,710)	4,757,959
	<u>13,676,362</u>	<u>243,515</u>	<u>(12,277)</u>	<u>1,026,060</u>	<u>(112,676)</u>	<u>14,820,984</u>
Total fund balance (deficit)	<u>13,676,362</u>	<u>243,515</u>	<u>(12,277)</u>	<u>1,026,060</u>	<u>(112,676)</u>	<u>14,820,984</u>
	<u>\$ 16,801,107</u>	<u>\$ 638,665</u>	<u>\$ 23,865</u>	<u>\$ 1,044,718</u>	<u>\$ 276,718</u>	<u>\$ 18,785,073</u>
Total liabilities, deferred inflows and fund balance (deficit)	<u>\$ 16,801,107</u>	<u>\$ 638,665</u>	<u>\$ 23,865</u>	<u>\$ 1,044,718</u>	<u>\$ 276,718</u>	<u>\$ 18,785,073</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 (DEFICIT)
April 30, 2023

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

Total fund balance - governmental funds		\$ 14,820,984
---	--	---------------

Net capital assets used in governmental activities and included in the statement of net position (deficit) do not require the expenditure of financial resources and, therefore, are not reported in the governmental funds balance sheet.		16,496,837
--	--	------------

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:

Net deferred outflows and inflows of resources related to:

IMRF pension	\$ 642,964	
Police pension	<u>4,038,889</u>	4,681,853

Interest on long-term liabilities accrued in the statement of net position (deficit) will not be paid with current financial resources and, therefore, is not recognized in the governmental funds balance sheet.		(161,307)
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Long-term liabilities included in the statement of net position (deficit) are not due and payable in the current period and, accordingly, are not reported in the governmental funds balance sheet.

General obligation bonds payable	\$ (14,315,000)	
Unamortized bond premium and discount	(116,768)	
Equipment payable	(63,000)	
Note payable	(264,438)	
Compensated absences payable	(1,282,024)	
Lease liabilities	(16,111)	
IMRF net pension liability	(387,231)	
Police net pension liability	(19,944,849)	
OPEB liability	<u>(2,074,279)</u>	<u>(38,463,700)</u>
Net deficit - governmental activities		<u>\$ (2,625,333)</u>

The accompanying notes are an integral part of this statement.

Village of Harwood Heights, Illinois

Governmental Funds

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

Year Ended April 30, 2023

	General	General Obligation Bonds	Capital Projects	Motor Fuel Tax	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 5,208,333	\$ 314,876	\$ -	\$ 363,889	\$ 11,456	\$ 5,898,554
Intergovernmental	3,746,366	-	-	94,594	-	3,840,960
Licenses and permits	479,090	-	-	-	-	479,090
Fines	682,983	-	-	-	558	683,541
Charges for services	367,123	-	-	-	-	367,123
Investment income	412,680	-	-	20,502	1,848	435,030
Miscellaneous	230,560	-	-	-	-	230,560
Total revenues	<u>11,127,135</u>	<u>314,876</u>	<u>-</u>	<u>478,985</u>	<u>13,862</u>	<u>11,934,858</u>
Expenditures						
Current						
General government	1,804,351	-	-	-	-	1,804,351
Public safety	7,530,976	-	-	-	-	7,530,976
Public works	1,379,572	-	-	75,461	-	1,455,033
Miscellaneous	-	-	-	-	117	117
Capital outlay	357,194	-	540,170	-	-	897,364
Debt service						
Principal	199,680	765,000	-	-	-	964,680
Interest and other	5,427	380,187	-	-	-	385,614
Total expenditures	<u>11,277,200</u>	<u>1,145,187</u>	<u>540,170</u>	<u>75,461</u>	<u>117</u>	<u>13,038,135</u>
Excess (deficiency) of revenues over expenditures	<u>(150,065)</u>	<u>(830,311)</u>	<u>(540,170)</u>	<u>403,524</u>	<u>13,745</u>	<u>(1,103,277)</u>
Other financing sources (uses)						
Transfers in	-	550,000	800,000	-	-	1,350,000
Transfers out	(1,350,000)	(205,667)	-	-	-	(1,555,667)
Debt issuance	84,150	-	-	-	-	84,150
Total other financing sources (uses)	<u>(1,265,850)</u>	<u>344,333</u>	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>(121,517)</u>
Net change in fund balances (deficit)	<u>(1,415,915)</u>	<u>(485,978)</u>	<u>259,830</u>	<u>403,524</u>	<u>13,745</u>	<u>(1,224,794)</u>
Fund balance (deficit)						
Beginning of year	<u>15,092,277</u>	<u>729,493</u>	<u>(272,107)</u>	<u>622,536</u>	<u>(126,421)</u>	<u>16,045,778</u>
End of year	<u>\$ 13,676,362</u>	<u>\$ 243,515</u>	<u>\$ (12,277)</u>	<u>\$ 1,026,060</u>	<u>\$ (112,676)</u>	<u>\$ 14,820,984</u>

The accompanying notes are an integral part of this statement.

Village of Harwood Heights, Illinois
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
Year Ended April 30, 2023

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

Net change in fund balances (deficit) - total governmental funds \$ (1,224,794)

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 and amortization expense. This is the amount by which depreciation and amortization expense exceeded capital outlay.

Capital outlay	\$ 769,019	
Depreciation and amortization expense	<u>(887,386)</u>	(118,367)

Changes in deferred outflows and inflows of resources related to pensions are reported only in the statement of activities:

IMRF pension fund	\$ 1,415,722	
Police pension fund	<u>(300,480)</u>	1,115,242

Accrued interest on debt reported in the statement of activities does not require the use of current financial resources, and, therefore, is not reported as expenditures in the governmental funds. (11,504)

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.

Principal payments on note payable	\$ 132,218	
Principal payments on general obligation bonds	765,000	
Proceeds from equipment payable	(84,150)	
Principal payments on equipment payable	21,150	
Amortization of bond premiums and discounts	13,715	
IMRF net pension liability, net	(1,453,893)	
Police pension liability, net	358,090	
OPEB liability, net	(586,861)	
Compensated absences, net	(63,397)	
Principal payments on lease liabilities	<u>46,312</u>	<u>(851,816)</u>

Change in net position (deficit) - governmental activities \$ (1,091,239)

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, 2023

ASSETS

Current

Cash and cash equivalents	\$	649,023
Customer receivables, net of allowance for uncollectibles		384,342
Prepaid items		<u>67,129</u>

Total current assets 1,100,494

Noncurrent assets

Capital assets not being depreciated		88,150
Capital assets, net of accumulated depreciation		6,531,132
Due from other funds		<u>205,667</u>

Total assets 7,925,443

DEFERRED OUTFLOWS RELATED TO PENSIONS 212,650

LIABILITIES

Current

Current portion of long-term liabilities		160,534
Accounts payable		170,143
Accrued interest payable		<u>9,685</u>

Long-term

Due in more than one year		<u>2,626,676</u>
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Total liabilities 2,967,038

DEFERRED INFLOWS RELATED TO PENSIONS 20,596

NET POSITION

Net investment in capital assets		4,216,404
Unrestricted		<u>934,055</u>

Total net position \$ 5,150,459

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, 2023

OPERATING REVENUES	
Charges for services	\$ 2,751,458
Penalties	13,541
	<u>13,541</u>
Total operating revenues	<u>2,764,999</u>
OPERATING EXPENSES	
Current	
Personal services	452,483
Commodities	1,223,704
Other services	711,524
Depreciation and amortization	201,628
	<u>201,628</u>
Total operating expenses	<u>2,589,339</u>
OPERATING INCOME	<u>175,660</u>
NONOPERATING REVENUES (EXPENSES)	
Other	39,397
Interest income	90
Interest expense	(48,191)
	<u>(48,191)</u>
Total nonoperating revenues (expenses)	<u>(8,704)</u>
Other financing sources	
Transfers in	205,667
	<u>205,667</u>
CHANGE IN NET POSITION	372,623
NET POSITION	
Beginning of year	<u>4,777,836</u>
End of year	<u>\$ 5,150,459</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, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,714,845
Cash paid to suppliers for goods and services	(1,898,427)
Cash paid to employees for services	(387,933)
Net cash provided by operating activities	<u>428,485</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	205,667
Change in due from/to other funds	(205,667)
Net cash provided by noncapital financing activities	<u>-</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Loan repayments	(157,589)
Capital asset purchases	(138,110)
Principal payments on lease liabilities	(37,208)
Interest paid	(48,865)
Net cash used in capital financing activities	<u>(381,772)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	90
Antenna leasing	39,397
Net cash provided by investing activities	<u>39,487</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	86,200
CASH AND CASH EQUIVALENTS	
Beginning of year	<u>562,823</u>
End of year	<u><u>\$ 649,023</u></u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ 175,660
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	201,628
Changes in assets and liabilities	
Customer receivables	(50,154)
Accounts payable	39,896
Prepaid items	(3,095)
Deferred outflows related to pensions and OPEB	(132,255)
Deferred inflows related to pensions	(277,756)
Net IMRF pension liability	416,520
Net OPEB liability	58,041
Net cash provided by operating activities	<u><u>\$ 428,485</u></u>

The accompanying notes are an integral part of this statement.

Village of Harwood Heights, Illinois
Police Pension Trust Fund
STATEMENT OF FIDUCIARY NET POSITION
April 30, 2023

ASSETS

Cash, cash equivalents, and investments	\$ 21,614,651
Property taxes receivable	727,583
Prepays and other current assets	<u>17,106</u>
Total assets	<u>22,359,340</u>

LIABILITIES

Accounts payable	<u>970</u>
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NET POSITION

Restricted for pensions benefits held in trust	<u>\$ 22,358,370</u>
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The accompanying notes are an integral part of this statement.

Village of Harwood Heights, Illinois
 Police Pension Trust Fund
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended April 30, 2023

ADDITIONS

Investment income (expense)		
Investment loss		\$ (871,696)
Net appreciation in fair value of investments		1,220,115
Investment expense		<u>(13,781)</u>
Total investment income		<u>334,638</u>
Contributions		
Employer		2,739,610
Members		<u>413,746</u>
Total contributions		<u>3,153,356</u>
Total additions		<u>3,487,994</u>

DEDUCTIONS

Pension benefits and refunds		1,946,444
Administrative expense		<u>65,938</u>
Total deductions		<u>2,012,382</u>

CHANGE IN NET POSITION

1,475,612

NET POSITION RESTRICTED
FOR PENSIONS

Beginning of Year		<u>20,882,758</u>
End of Year		<u>\$ <u>22,358,370</u></u>

The accompanying notes are an integral part of this statement.

Village of Harwood Heights, Illinois

INDEX TO THE NOTES TO FINANCIAL STATEMENTS

April 30, 2023

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Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Harwood Heights, Illinois (the 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 GAAP, 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.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. New Accounting Pronouncement

The GASB has issued Statement No. 87, *Leases*, which was implemented by the Village for the year ended April 30, 2023. This statement requires a lessee to recognize a lease liability and an intangible right to use asset, and a lessor to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities on the entity-wide statements only. The accounting treatment for lease arrangements remains unchanged on the governmental funds statement except for the recording of a financial source and an expenditure equal to the present value of future lease payments at the inception of the lease.

Specific changes to the Village's financial statements relate to the recording of right of use assets and lease liabilities on the statement of net position. See Note A-12 and Note E for information on right of use assets and Note G for information on lease liabilities.

3. 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. 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.

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 as they are not available to address activities or obligations of the Village. 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 financial information.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. 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.
- ii. Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than debt service or major capital projects) that are legally restricted to expenditures for specified purposes. The Village's special revenue funds are the Motor Fuel Tax Fund, Criminal Investigation Fund, and DUI 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 fund is the Capital Projects Fund.

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.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Basis of Presentation - Fund Accounting (Continued)

b. Proprietary Fund Types (Continued)

- 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 Trust Fund is the Village's sole pension trust fund. The Police Pension Trust Fund accounts for contributions from the Village in the form of property tax revenue and contributions from participants that are used to fund the respective pension plans and make payments to beneficiaries in accordance with the Illinois Pension Code.

5. 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, inventories, or balances due from other funds.
- 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, debt service, and capital project funds are by definition restricted for those specified purposes.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Fund Balance (Continued)

- 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.
- 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, 2023.
- e. *Unassigned* - refers to all spendable amounts not contained in the other four classifications described above. In funds other than the general fund, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

The nonspendable fund balance in the General Fund consists of \$414,002 for prepaid items and due from other funds. The assigned fund balance in the General Fund consists of \$20,160 to be spent on public works projects for certain property owners. The committed fund balance in the General Fund consists of \$8,335,254 for police pension contributions from unspent bond proceeds (see Note H). The remaining restricted fund balances are for the purposes of the restricted funds as described in Note A-4.

6. 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.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. 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 *General Obligation Bonds Fund* is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The primary revenue source is property taxes.

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

The *Motor Fuel Tax Fund* is a special revenue fund that accounts for the operation of street maintenance programs and capital projects as authorized by the Illinois Department of Transportation. The primary revenue sources is motor fuel tax proceeds.

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.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the Village reports the following fiduciary fund:

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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 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.

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.

7. Cash Equivalents

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

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. 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.

9. Investments

Investments are stated at fair value. Changes in fair value are included in investment income.

10. Prepaid Items

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

11. 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 funds" (the noncurrent portion of interfund transactions) on the fund balance sheets.

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

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Capital Assets and Right to Use Assets

Capital assets and right to use 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 and right to use 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 their acquisition 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 and right to use 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 (includes right to use assets)	3 - 20
Land improvements	20 - 50
Infrastructure	20 - 60

Construction in progress is stated at cost and includes engineering, material and labor, and design costs incurred for planned construction. No provision for depreciation is made on construction in progress until the asset is completed and placed in service.

13. 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. Employees accumulate hours per contractual agreements with cash out limits in place. 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.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability (asset) and other postemployment benefits (OPEB) liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plan and additions to/deductions from the pension/OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are stated at fair value.

15. Long-Term Liabilities

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. Bond premiums, discounts, and gains/losses on the refunding of bonds 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, whether or not withheld from actual proceeds, are reported as debt service expenditures.

16. Deferred Outflows / Deferred Inflows

In addition to assets, the statement of net position (deficit) and the governmental funds balance sheet may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets / fund balance that applies to future periods. At April 30, 2023, the Village had deferred outflows of resources related to pensions. 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 future reporting periods. At April 30, 2023, the Village reported deferred inflows of resources related to property taxes levied for a future period and pensions.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

17. 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 (deficit) reports net position restricted by enabling legislation which consist of the following:

<u>Net position restricted for:</u>	<u>Amount</u>
Unspent bond proceeds - police pension contribution	\$ 8,335,254
Debt service	243,515
Motor fuel tax	1,026,060
Employee benefits	24,646
Crime investigation	18,823
DUI	<u>5,211</u>
Total net position restricted by enabling legislation	<u>\$ 9,653,509</u>

18. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources; the disclosure of contingent assets, deferred outflows of resources, and liabilities, and deferred inflows of resources at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE B - DEPOSITS AND INVESTMENTS

For disclosure purposes, the amounts are segregated as follows:

	<u>Government- Wide</u>	<u>Police Pension Trust Fund</u>	<u>Total</u>
Deposits with financial institutions*	\$ 3,671,132	\$ 59,786	\$ 3,730,918
Cash on hand	1,750	-	1,750
Illinois Police Officers Pension Investment Fund	-	21,554,865	21,554,865
Illinois Funds	<u>12,596,781</u>	<u>-</u>	<u>12,596,781</u>
 Total cash, cash equivalents and investments	 <u>\$ 16,269,663</u>	 <u>\$ 21,614,651</u>	 <u>\$ 37,884,314</u>

*Includes certificates of deposit and money market savings accounts but primarily consists of accounts held in demand and savings accounts, which are recorded at cost.

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.

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. Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are rated AAAM, and are valued at Illinois Funds' share price which is the price for which the investment can be sold. There are no unfunded commitments, the redemption in frequency is daily, and the redemption notice period is one day.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

The Illinois Police Officers Pension Investment Fund (IPOPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate police pension funds. IPOPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IPOPIF by Illinois suburban and downstate police pension funds is mandatory. The IPOPIF is a comingled external investment pool valued at share price, the price for which the investments can be sold. A schedule of investment expenses is included in IPOPIF's annual report. For additional information on IPOPIF's investments, please refer to their annual report as of June 30, 2022. A copy of that report can be obtained from IFPIF at 456 Fulton Street, Suite 402 Peoria, Illinois 61602 or at www.ipopif.org. The Police Pension Fund transferred all eligible assets to the Investment Fund during the fiscal year ending April 30, 2023.

1. Village Deposits and Investments

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

With respect to deposits, custodial credit risk is the risk that, in the event of a 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. as of fiscal year-end, the Village did not have uninsured or uncollateralized deposits and investments. The bank balance of the Village's deposits with financial institutions was \$3,797,649 at April 30, 2023.

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 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.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

1. Village Deposits and Investments (Continued)

Credit Risk

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 Credit Risk

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

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, 2023, the Village did not have greater than ten percent of its overall portfolio invested in any single investment type.

2. Police Pension Deposits, Investments, and Concentrations

Deposits with financial institutions. The bank balance of the Pension Fund's deposited with financial institutions was \$45,811 at April 30, 2023. The excess of available cash is required to be transferred to IPOPIF for purposes of the long-term investment for the fund.

Interest Rate Risk. 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. IPOPIF's investment policy was originally adopted by the Board of Trustees on December 17, 2021. IPOPIF has the authority to invest trust fund assets in any type of security subject to the requirements and restrictions set forth in the Illinois Pension Code and is not restricted by the Pension Code sections that pertain exclusively to the Article 3 participating police pension funds. IPOPIF shall be subject to the provisions of the Illinois Pension Code including, but not limited to, utilization of emerging investment managers and utilization of businesses owned by minorities, women, and persons with disabilities.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

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

IPOPIF operates as a nonrated, external investment pool. The fair value of the Police Pension Fund's investments in the pool is determined by the Pension Fund's proportionate share of the fair value of the investments held by IPOPIF. Investments in IPOPIF are not rated. There are no unfunded commitments at April 30, 2023.

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, 2023, 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. The investments held in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The relationship between the Village and the investment agent is direct contractual relationship, and the investments are not supported by a transferable instrument that evidences ownership or creditorship. All other investments held by the Pension Fund were registered in the name of the Pension Fund.

Concentration of Credit Risk. The Pension Fund do not place a limit on the amount that may be invested in any one issuer, however, diversification of the investment portfolio must be appropriate as to the nature and purpose of the funds using the "prudent person rule".

The following investments are measured at net asset value (NAV):

		<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Illinois Funds	\$ 12,596,781	N/A	Daily	1 day
IPOPIF	\$ 21,554,865	N/A	Daily	1 day

For the year ended April 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was not available at April 30, 2023.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE C - PROPERTY TAXES

Property taxes for the 2022 tax year attach as an enforceable lien on January 1, 2022 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, 2023 and August 1, 2023. The delay in assessing and billing of the 2022 property taxes also delayed Cook County remitting the second installment of the 2022 property taxes to the Village. The final equalization factor for Cook County for 2022 is 2.9237. The County collects such taxes and remits them periodically. The portion of the 2022 property tax levy not received by April 30 is recorded as a receivable, net of an allowance for uncollectible 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, 2023, net taxes receivable is reflected as property taxes levied for a future period. The 2023 levy, which attached as an enforceable lien on property as of January 1, 2023, has not been recorded as a receivable as of April 30, 2023, as the tax has not yet been levied by the Village and will not be levied until December 2023; therefore, the levy is not measurable at April 30, 2023. The Village's annual property tax levy is subject to the Property Tax Extension Limitation Law (PTELL), which limits increases in property tax extensions.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE D - INTERFUND TRANSACTIONS

1. <u>Due from/Advances to/Due to/Advances from</u>	<u>Due from/ Advances to</u>	<u>Due to/ Advances from</u>
General Fund		
SSA Debt Service Fund	\$ 389,356	\$ -
General Obligation Bonds Fund	-	449,182
Capital Projects Fund	-	23,865
Total General Fund	<u>389,356</u>	<u>473,047</u>
General Obligation Bonds Fund		
General Fund	449,182	-
Water and Sewer Fund	-	205,667
Total General Obligation Bonds Fund	<u>449,182</u>	<u>205,667</u>
Capital Projects Fund		
General Fund	23,865	-
Total Capital Projects Fund	<u>23,865</u>	<u>-</u>
Nonmajor governmental funds		
SSA Debt Service Fund - General Fund	-	389,356
Total nonmajor governmental funds	<u>-</u>	<u>389,356</u>
Total governmental funds	<u>862,403</u>	<u>1,068,070</u>
Water and Sewer Fund		
General Obligation Bonds Fund	205,667	-
Total Water and Sewer Fund	<u>205,667</u>	<u>-</u>
Total all Funds	<u>1,068,070</u>	<u>1,068,070</u>
Less amounts eliminated during GASB 34 conversion	<u>(862,403)</u>	<u>(862,403)</u>
Total Village internal balances	<u>\$ 205,667</u>	<u>\$ 205,667</u>

The principal purpose of the interfund transactions is a result of cash deficits in applicable funds throughout the year. Amounts are expected to be repaid in the next twelve months.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE D - INTERFUND TRANSACTIONS (Continued)

2. Interfund Transfers

During the year ended April 30, 2023, the General Obligation Bonds Fund transferred \$205,667 to the Water and Sewer Fund for debt service on the Illinois EPA loans (Note H). Additionally, the General Fund transferred \$800,000 to the Capital Project Funds to fund various capital projects and transferred \$550,000 to the General Obligation Bonds Fund for certain bond payments (Note H).

NOTE E - CAPITAL ASSETS AND RIGHT TO USE ASSETS

Capital asset activity for the year ended April 30, 2023 was as follows:

1. Governmental Activities

	Beginning Balance*	Additions / Transfers**	Disposals / Transfers	Ending Balance
Capital assets, not being depreciated				
Land	\$ 629,428	\$ -	\$ -	\$ 629,428
Construction in process	1,332,025	354,336	1,323,900	362,461
Total capital assets, not being depreciated	<u>1,961,453</u>	<u>354,336</u>	<u>1,323,900</u>	<u>991,889</u>
Capital assets, being depreciated				
Buildings	9,325,040	51,700	-	9,376,740
Machinery and equipment	3,207,867	473,212	141,074	3,540,005
Land improvements	121,499	-	-	121,499
Infrastructure	15,011,090	1,351,300	-	16,362,390
Total capital assets, being depreciated	<u>27,665,496</u>	<u>1,876,212</u>	<u>141,074</u>	<u>29,400,634</u>
Less accumulated depreciation for				
Buildings	3,165,372	275,890	-	3,441,262
Machinery and equipment	3,023,676	240,902	141,074	3,123,504
Land improvements	120,430	1,069	-	121,499
Infrastructure	6,894,918	424,580	-	7,319,498
Total accumulated depreciation	<u>13,204,396</u>	<u>942,441</u>	<u>141,074</u>	<u>14,005,763</u>
Total capital assets, being depreciated, net	<u>14,461,100</u>	<u>933,771</u>	<u>-</u>	<u>15,394,871</u>

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE E - CAPITAL ASSETS AND RIGHT TO USE ASSETS (Continued)

1. Governmental Activities (Continued)

	Beginning Balance*	Additions / Transfers	Disposals / Transfers**	Ending Balance
Right to use assets				
Leased machinery and equipment	\$ 344,024	\$ -	\$ 137,629	\$ 206,395
Less accumulated amortization for				
Leased machinery and equipment	151,373	27,523	82,578	96,318
Total right to use assets, net	192,651	(27,523)	55,051	110,077
Governmental activities				
capital assets, net	\$ 16,615,204	\$ 1,260,584	\$ 1,378,951	\$ 16,496,837

*See Note A-2 regarding reclassifications as a result of implementing GASB 87, *Leases*.

**See Note E regarding lease liabilities paid in full during the year ended April 30, 2023. As a result, the associated right to use asset was transferred to capital assets, being depreciated.

2. Business-Type Activities

	Beginning Balance*	Additions / Transfers**	Disposals / Transfers	Ending Balance
Capital assets, not being depreciated				
Construction in process	\$ -	\$ 88,150	\$ -	\$ 88,150
Capital assets, being depreciated				
Machinery and equipment	414,268	283,084	-	697,352
Land improvements	34,700	-	-	34,700
Infrastructure	9,722,275	-	-	9,722,275
Total capital assets, being depreciated	10,171,243	283,084	-	10,454,327
Less accumulated depreciation for				
Machinery and equipment	330,028	184,619	-	514,647
Land improvements	34,700	-	-	34,700
Infrastructure	3,206,292	167,556	-	3,373,848
Total accumulated depreciation	3,571,020	352,175	-	3,923,195
Total capital assets, being depreciated, net	6,600,223	(69,091)	-	6,531,132

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE E - CAPITAL ASSETS AND RIGHT TO USE ASSETS (Continued)

2. Business-Type Activities (Continued)

	Beginning Balance*	Additions / Transfers	Disposals / Transfers**	Ending Balance
Right to use assets				
Leased machinery and equipment	\$ 233,124	\$ -	\$ 233,124	\$ -
Less accumulated amortization for				
Leased machinery and equipment	150,547	13,763	164,310	-
Total right to use assets, net	82,577	(13,763)	68,814	-
Business-type activities, capital assets, net	\$ 6,682,800	\$ 5,296	\$ 68,814	\$ 6,619,282

*See Note A-2 regarding reclassifications as a result of implementing GASB 87, *Leases*.

**See Note E regarding lease liabilities paid in full during the year ended April 30, 2023. As a result, the associated right to use asset was transferred to capital assets, being depreciated.

3. Depreciation and Amortization Expense

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

Governmental activities:

General government	\$ 272,199
Public safety	125,705
Public works, streets, and lighting	489,482
	\$ 887,386 ***

Business – type activities:

Water and sewer	\$ 201,628 ***
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***As a result of the lease liabilities paid in full during the year ended April 30, 2023, for governmental activities, accumulated amortization of \$82,578 transferred to machinery and equipment accumulated depreciation and for business-type activities, accumulated amortization of \$164,310 transferred to machinery and equipment accumulated depreciation.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE F - 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 purchases coverage including property, general liability, automobile liability, crime, boiler and machinery, and workers' compensation from various insurance programs. 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 programs for its coverage. Settled claims have not exceeded coverage for the past three fiscal years.

NOTE G - LINE OF CREDIT

The Village has a line of credit agreement with a financial institution, with available borrowings of up to \$1,000,000, and interest charged at 3.81%. The agreement matured in July 2023 and was renewed at that time with a maturity date of July 22, 2024. The renewed agreement allows for borrowings of up to \$1,000,000, and interest charged at 6.58%. There were no outstanding borrowings at April 30, 2023.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

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, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds					
Series 2015	\$ 1,410,000	\$ -	\$ 90,000	\$ 1,320,000	\$ 90,000
Series 2017	2,500,000	-	190,000	2,310,000	195,000
Series 2021	<u>11,170,000</u>	<u>-</u>	<u>485,000</u>	<u>10,685,000</u>	<u>470,000</u>
Total general obligation bonds	<u>15,080,000</u>	<u>-</u>	<u>765,000</u>	<u>14,315,000</u>	<u>755,000</u>
Bond discount	(48,050)	-	(2,586)	(45,464)	(2,586)
Bond premium	178,533	-	16,301	162,232	16,301
Lease liabilities*	62,423	-	46,312	16,111	16,111
Equipment note payable	-	84,150	21,150	63,000	15,750
Note payable	396,656	-	132,218	264,438	132,219
Police net pension liability	20,302,939	3,517,745	3,875,835	19,944,849	-
IMRF net pension liability**	-	565,936	178,705	387,231	-
OPEB liability	1,487,418	637,010	50,149	2,074,279	-
Compensated absences	<u>1,218,627</u>	<u>612,004</u>	<u>548,607</u>	<u>1,282,024</u>	<u>-</u>
Total governmental activities	<u>\$ 38,678,546</u>	<u>\$ 5,416,845</u>	<u>\$ 5,631,691</u>	<u>\$ 38,463,700</u>	<u>\$ 932,795</u>

*See Note A-2 regarding reclassifications (formerly capital lease obligations) as a result of implementing GASB 87, *Leases*.

**In 2022, the IMRF plan fiduciary net position exceeded the total pension liability resulting in a governmental activities net pension asset of \$1,066,662, which was presented on the statement of net position for the year ended April 30, 2022.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE H - LONG-TERM LIABILITIES (Continued)

1. Changes in Long-Term Liabilities (Continued)

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, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Illinois EPA loans	\$ 2,623,985	\$ -	\$ 157,589	\$ 2,466,396	\$ 160,534
Lease liabilities*	37,207	-	37,207	-	-
IMRF net pension liability**	-	186,805	71,139	115,666	-
OPEB liability	<u>147,107</u>	<u>63,001</u>	<u>4,960</u>	<u>205,148</u>	<u>-</u>
Total business-type activities	<u>\$ 2,808,299</u>	<u>\$ 249,806</u>	<u>\$ 270,895</u>	<u>\$ 2,787,210</u>	<u>\$ 160,534</u>

*See Note A-2 regarding reclassifications (formerly capital lease obligations) as a result of implementing GASB 87, *Leases*.

**In 2022, the IMRF plan fiduciary net position exceeded the total pension liability resulting in a business-type activities net pension asset of \$300,854, which was presented on the statement of net position for the year ended April 30, 2022.

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%	\$ 1,320,000
Series 2017 General Obligation Bonds	3.00 - 4.00%	2,310,000
Series 2022 General Obligation Bonds	0.60 - 3.25%	<u>10,685,000</u>
		<u>\$ 14,315,000</u>

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE H - LONG-TERM LIABILITIES (Continued)

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

Annual debt service requirements to maturity for general obligation bonds are as follows for governmental type activities:

Year Ending April 30,	General Obligation Bonds Payable		
	Principal	Interest	Total
2024	\$ 755,000	\$ 387,048	\$ 1,142,048
2025	805,000	374,880	1,179,880
2026	820,000	360,062	1,180,062
2027	840,000	340,984	1,180,984
2028	860,000	320,722	1,180,722
2029 - 2033	4,650,000	1,254,660	5,904,660
2034 - 2038	3,435,000	657,800	4,092,800
2039 - 2041	2,150,000	141,214	2,291,214
	\$ 14,315,000	\$ 3,837,370	\$ 18,152,370

3. Lease Liabilities

The Village previously entered into various machinery and equipment lease agreements. The lease agreements (formerly capital lease obligations) qualify as other than short-term leases under GASB 87 and therefore have been recorded at the present value of the future minimum lease payments. The Village reclassified \$62,423 previously classified as capital leases to lease liabilities for governmental activities and \$37,207 of capital leases to lease liabilities for business-type upon implementation of GASB 87 as of May 1, 2022 (no prior period effect). As of April 30, 2023, the remaining governmental activities lease expires in September 2024 and requires future quarterly payments which aggregate to \$16,111 of principal and \$168 of interest at a stated interest rate of 2.79%. As a result of the lease, the Village has recorded right to use assets (Note D). During the year ended April 30, 2023, the Village paid in full one governmental activities lease liability which had a stated interest rate of 3.48%. The Village paid in full two business-type lease liabilities which had stated interest rates of 3.60% and 3.72%.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE H - LONG-TERM LIABILITIES (Continued)

4. Equipment Note Payable

In fiscal year 2023, the Village entered into a non-interest bearing equipment note payable, totaling \$84,150, to purchase certain machinery and equipment. The future maturities of the note are due in four annual installments of \$15,750 through June 2026. The total amount outstanding as of April 30, 2023 was \$63,000.

Annual debt service requirements to maturity for the note payable are as follows for governmental type activities:

<u>Year ending April 30,</u>	<u>Principal</u>
2024	\$ 15,750
2025	15,750
2026	15,750
2027	<u>15,750</u>
	<u>\$ 63,000</u>

5. 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, which commenced in fiscal year 2016, and does not bear interest. The total amount outstanding as of April 30, 2023 was \$264,438.

Annual debt service requirements to maturity for the note payable are as follows for governmental type activities:

<u>Year ending April 30,</u>	<u>Principal</u>
2024	\$ 132,219
2025	<u>132,219</u>
	<u>\$ 264,438</u>

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2023

NOTE H - LONG-TERM LIABILITIES (Continued)

6. Illinois EPA Loans

The details of the Illinois EPA loans payable as of April 30, 2023 are as follows:

Illinois Environmental Protection Agency (IEPA) Public Water Supply Loan, payable in semiannual installments of \$37,602, including interest at 1.86%, through December 2035.	\$ 864,877
IEPA Public Water Supply Loans, payable in semiannual installments of \$65,231, including interest at 1.86% through March 2037.	<u>1,601,519</u>
	<u>\$ 2,466,396</u>

Annual debt service requirements to maturity for the loans payable are as follows for business type activities:

Year Ending April 30,	IEPA Loans Payable		
	Principal	Interest	Total
2024	\$ 160,534	\$ 45,132	\$ 205,666
2025	163,534	42,132	205,666
2026	166,589	39,076	205,665
2027	169,703	35,964	205,667
2028	172,874	32,793	205,667
2029 - 2033	843,888	102,907	946,795
2034 - 2037	<u>789,274</u>	<u>33,388</u>	<u>822,662</u>
	<u>\$ 2,466,396</u>	<u>\$ 331,392</u>	<u>\$ 2,797,788</u>

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE H - LONG-TERM LIABILITIES (Continued)

7. 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 - PENSION LIABILITIES

The Village participates in the Illinois Municipal Retirement Fund (IMRF), a statewide multiple-employer, public employee retirement system which acts as an investment and administrative agent. The IMRF plan covers substantially all of the Village's employees other than police officers. The Village also maintains a single-employer retirement plans established by state statute for the Village's police officers.

1. Illinois Municipal Retirement Fund

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's plan is managed with the IMRF, the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the Benefits Provided section below. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. That report is available for download at www.imrf.org.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE I - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of 3% of the original pension amount, or 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Term

As of December 31, 2022, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	29
Inactive plan members entitled to but not yet receiving benefits	26
Active plan members	<u>18</u>
Total	<u><u>73</u></u>

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE I - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Contributions

As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2022 was 5.59%. For the fiscal year ended April 30, 2023, the Village contributed \$68,152 to the plan. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Village's IMRF net pension liability was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2022:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.25%
Salary Increases	2.85% to 13.75%
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates, specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE I - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

Mortality

For non-disabled retirees, the Pub-2010, amount-weighted, below-median income, general, retiree, male (adjusted 106%) and female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, amount-weighted, below-median income, general, disabled retiree, male and female (unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, amount-weighted, below-median income, general, employee, male and female (unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Rate of Return
Domestic equities	35.50%	6.50%
International equities	18.00%	7.60%
Fixed income	25.50%	4.90%
Real estate	10.50%	6.20%
Alternative investments	9.50%	6.25% - 9.90%
Cash equivalents	1.00%	4.00%
Total	100.00%	

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE I - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Other Information

There were no benefit changes during the year.

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2022. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

- a. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
- b. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on pension plan investments is 7.25%, the municipal bond rate is 4.05% (based on the daily rate closest to but not later than the measurement date of the "20-Year Municipal GO AA index"), and the resulting single discount rate is 7.25%.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE I - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Changes in Net Pension Liability (Asset)

The following table shows the components of the change in the Village's net pension liability (asset) for the calendar year ended December 31, 2022:

	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability (Asset) (A) - (B)*</u>
Balances at December 31, 2021	\$ 9,328,608	\$ 10,696,124	\$ (1,367,516)
Changes for the year:			
Service cost	117,259	-	117,259
Interest on the total pension liability	662,352	-	662,352
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	(124,268)	-	(124,268)
Changes of assumptions	-	-	-
Contributions - Employer	-	69,571	(69,571)
Contributions - Employees	-	56,005	(56,005)
Net investment income	-	(1,294,705)	1,294,705
Benefit payments, including refunds of employee contributions	(502,707)	(502,707)	-
Other (net transfer)	-	(45,941)	45,941
Net changes	<u>152,636</u>	<u>(1,717,777)</u>	<u>1,870,413</u>
Balances at December 31, 2022	<u>\$ 9,481,244</u>	<u>\$ 8,978,347</u>	<u>\$ 502,897</u>

* The net pension liability (asset) is allocated between the Governmental and Business Type activities based upon covered payroll within the respective activities.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE I - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the plan's net pension liability (asset), calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability (asset) would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

	<u>1% Lower</u> <u>(6.25%)</u>	<u>Current</u> <u>Discount</u> <u>Rate</u> <u>(7.25%)</u>	<u>1% Higher</u> <u>(8.25%)</u>
Net pension liability (asset)	\$ <u>1,605,496</u>	\$ <u>502,897</u>	\$ <u>(355,882)</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2023, the Village recognized pension expense of \$113,076. At April 30, 2023, the Village reported deferred inflows of resources and deferred outflows of resources related to pensions from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 125,118	\$ 88,023
Change of assumptions	-	1,526
Net difference between projected and actual earnings on pension plan investments	<u>774,956</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in the future periods	<u>900,074</u>	<u>89,549</u>
Pension contributions made subsequent to the measurement date	<u>24,493</u>	<u>-</u>
Total deferred amounts related to pensions	<u>\$ 924,567</u>	<u>\$ 89,549</u>

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2023

NOTE I - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The Village reported \$24,493 as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date will be recognized as an decrease of the net pension liability in the reporting year ended April 30, 2023. Other amounts reported as net deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended April, 30</u>	<u>Net Deferred Outflows of Resources</u>
2024	\$ 47,360
2025	102,316
2026	249,883
2027	410,966
2027	-
Thereafter	<u>-</u>
Total	<u>\$ 810,525</u>

2. Police Pension Trust Fund

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.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE I - PENSION LIABILITIES (Continued)

2. Police Pension Plan (Continued)

Basis of Accounting

The accrual basis of accounting is utilized by the pension trust fund. Under this method, additions to net position are recorded when earned and deductions from net position are recorded when the time related liabilities/deferred inflows 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.

Benefits Provided

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

The Police Pension Plan 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 $\frac{1}{2}$ 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.

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 48 consecutive months of service within the last 60 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 $\frac{1}{2}$ 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., $\frac{1}{2}$ percent for each month under 55).

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE I - PENSION LIABILITIES (Continued)

2. Police Pension Plan (Continued)

Benefits Provided (Continued)

The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3% or 1/2 of the change in the Consumer Price Index for the proceeding calendar year.

Employees Covered by Benefit Term

As of April 30, 2023, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	25
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	<u>25</u>
Total plan membership	<u><u>53</u></u>

Contributions

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 and the 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. The Village has chosen to use the following parameters to fund its pension plan above and beyond the state minimum. For the year-ended April 30, 2023, the Village's contribution was 51.36% of covered payroll.

Net Pension Liability

The Village's police fund net pension liability was measured as of April 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of May 1, 2022.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE I - PENSION LIABILITIES (Continued)

2. Police Pension Plan (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed as of May 1, 2022, using the following actuarial methods and assumptions.

Actuarial valuation date	May 1, 2022
Actuarial measurement date	April 30, 2023
Actuarial cost method	Entry Age Normal
Asset valuation method	5-year smoothed fair value
Assumptions	
Investment rate of return	6.75%
Discount rate	6.22%
Salary increases	3.75% - 12.61%
Inflation	2.25%
Marital status	Active Members: 80% of active members are assumed to be married and males are assumed to be three years older than females. Retiree and Disabled Members: Actual spousal data was utilized for retiree and disabled members.
Mortality	Active mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) study. Mortality improvements uses MP-2019 Improvement Rates applied on a fully generational basis. 50% of active member deaths are assumed to be in the line of duty. Retiree mortality follows the L&A assumption study for Police 2020. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) study improved to 2017 using MP-2019 Improvement Rates. These rates are then improved fully generationally using MP-2019 Improvement Rates. Disabled mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants. Mortality improvements uses MP-2019 Improvement Rates applied on a fully generational basis.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE I - PENSION LIABILITIES (Continued)

2. Police Pension Plan (Continued)

Actuarial Assumptions (Continued)

Assumptions (Continued)

Mortality (Continued)

Spouse mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) study for contingent survivors. For all rates not provided there, (aged 45 and younger) the PubG-2010 Study for general employees was used. Mortality improvements uses MP-2019 Improvement Rates applied on a fully generational basis.

Discount Rate

The discount rate used to measure the total pension liability was 6.22% compared to 6.15% per the prior year evaluation. 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.

Funding Policy

The Village funds its contributions to the Police Pension plan through an annual tax levy. The levy amount is actuarially determined as the annual contribution necessary to fund the normal costs, plus the amount to amortize the unfunded accrued liability.

Administrative Costs

The Police Pension Fund's administrative costs are part of the budget prepared annually and the actual costs are paid out of the revenues received.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE I - PENSION LIABILITIES (Continued)

2. Police Pension Plan (Continued)

Changes in Net Pension Liability

	<u>Total Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability (A) - (B)</u>
Balances at April 30, 2022	\$ 41,185,697	\$ 20,882,758	\$ 20,302,939
Changes for the year:			
Service cost	740,079	-	740,079
Interest on the total pension liability	2,489,361	-	2,489,361
Difference between expected and actual experience of the total pension liability	244,846	-	244,846
Change in assumptions	(376,541)	-	(376,541)
Changes of benefit terms	(33,779)	-	(33,779)
Contributions - employer	-	2,739,610	(2,739,610)
Contributions - employees	-	275,571	(275,571)
Contributions - other	-	138,175	(138,175)
Net investment income (loss)	-	312,159	(312,159)
Benefit payment, including refunds of employee contributions	(1,946,444)	(1,946,444)	-
Administrative expense	-	(43,459)	43,459
Net changes	<u>1,117,522</u>	<u>1,475,612</u>	<u>(358,090)</u>
Balances at April 30, 2023	<u>\$ 42,303,219</u>	<u>\$ 22,358,370</u>	<u>\$ 19,944,849</u>

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE I - PENSION LIABILITIES (Continued)

2. Police Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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 6.22% 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 or one percentage point higher than the current rate:

	<u>1% Decrease</u> <u>(5.22%)</u>	<u>Current</u> <u>Discount</u> <u>(6.22%)</u>	<u>1% Increase</u> <u>(7.22%)</u>
Net pension liability	\$ <u>25,878,452</u>	\$ <u>19,944,849</u>	\$ <u>15,103,951</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2023 the Village recognized pension expense of \$2,682,000. At April 30, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Difference between expected and actual experience	\$ 984,167	\$ 644,505
Change in assumptions	2,381,542	316,003
Net difference between projected and actual earnings on pension plan investments	<u>1,633,688</u>	<u>-</u>
Total deferred amounts related to Police Pension	\$ <u>4,999,397</u>	\$ <u>960,508</u>

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2023

NOTE I - PENSION LIABILITIES (Continued)

2. Police Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as net deferred outflows of resources and deferred inflows of resources, related to pensions will be recognized in pension expense as follows:

<u>Year Ended April 30,</u>	<u>Net Deferred Outflows of Resources</u>
2024	\$ 1,279,859
2025	1,054,307
2026	1,239,286
2027	491,267
2028	(21,173)
Thereafter	<u>(4,657)</u>
Total	<u>\$ 4,038,889</u>

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE I - PENSION LIABILITIES (Continued)

3. Summary of Pension Items

Below is a summary of the various pension items:

	<u>IMRF</u>	<u>Police</u>	<u>Total</u>
Deferred outflows of resources:			
Employer contributions	\$ 24,493	\$ -	\$ 24,493
Experience	125,118	984,167	1,109,285
Assumptions	-	2,381,542	2,381,542
Investments	<u>774,956</u>	<u>1,633,688</u>	<u>2,408,644</u>
	<u>\$ 924,567</u>	<u>\$ 4,999,397</u>	<u>\$ 5,923,964</u>
Net pension liability	<u>\$ 502,897</u>	<u>\$ 19,944,849</u>	<u>\$ 20,447,746</u>
Pension expense	<u>\$ 113,076</u>	<u>\$ 2,682,000</u>	<u>\$ 2,795,076</u>
Deferred inflows of resources:			
Experience	\$ 88,023	\$ 644,505	\$ 732,528
Assumptions	<u>1,526</u>	<u>316,003</u>	<u>317,529</u>
	<u>\$ 89,549</u>	<u>\$ 960,508</u>	<u>\$ 1,050,057</u>

NOTE J - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Village provides postemployment health care insurance benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. The plan is an unfunded plan, and there is no separately issued report.

To be eligible for benefits under the plan, an employee must qualify for retirement under one of the Village's retirement plans. Elected officials are eligible for benefits if they qualify for retirement through the Illinois Municipal Retirement Fund.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided

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

Employees Covered by Benefit Terms

As of April 30, 2023, membership in the Plan consisted of the following:

Active plan members	45
Inactive plan members currently receiving benefits	3
Inactive plan members entitled to but not receiving benefits	-
	<hr/>
	48
	<hr/> <hr/>

Contributions

Retirees have the option of choosing from an HSA 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 2023, the Village contributed \$55,109 toward the cost of the postemployment benefits for retirees, which was 1.19% of covered payroll.

OPEB Expense (Income)

The GASB 75 valuation was performed utilizing the Alternative Measurement Method for small plans as permitted under GASB 75. Under GASB 75 as it applies to plans that qualify for the Alternative Measurement Method, changes in the total OPEB liability are not permitted to be included in deferred outflows of resources or deferred inflows of resources related to OPEB. These changes will be immediately recognized through OPEB expense/income. For the year ended April, 30, 2023, the Village recognized OPEB expense of \$700,011.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Total OPEB Liability

The total OPEB liability was determined by an actuarial valuation performed as of May 1, 2023 using the following actuarial methods and assumptions:

Actuarial valuation date	May 1, 2023
Measurement date	April 30, 2023
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation	2.25%
Discount rate	3.53%
Salary increase rate	3.00%
Healthcare cost trend rate	
HSA	7.70% initial; 5.00% ultimate
Dental	4.00% all years
Mortality rates	IMRF are based on Pub G - 2010(B) improved generationally using MP-2020 improvement rates. Active Police are based on sex distinct raw rates as developed in the Pub2-2010(A) Study improved to 2017 improved generationally using MP-2019 improvement rates. Retiree Police are based on the L&A Assumption Study for Police 2020 weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) improved generationally to 2017 using MP-2019 improvement rates. Disabled Police are based on the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants improved generationally to 2017 using MP-2019 improvement rates. Spousal Police are based on the Sex Distinct Raw Rates as developed in PubS-2010(A) Study for contingent survivors. For all rates not provided there, the PubG-2010 Study was used, improved generationally using the MP-2019 improvement rates.
Election at retirement	30%
Spousal election	Of those employees assumed to elect coverage in retirement, 50% are assumed to elect spousal coverage. Female spouses are assumed to be 3 years younger than male spouses.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate

The Village does not have a dedicated Trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). A rate of 3.53% is used, which is the Bond Buyer 20-Bond GO Index as of April 30, 2023. Discount rate increased from 3.21% for the fiscal year ended April 30, 2022 to 3.53% for the fiscal year ended April 30, 2023.

Changes in the Total OPEB Liability

	Total OPEB Liability (A)	Plan Fiduciary Net Position (B)	Net OPEB Liability * (A) - (B)
	(A)	(B)	(A) - (B)
Balances at May 1, 2022	\$ 1,634,525	\$ -	\$ 1,634,525
Changes for the year:			
Service cost	23,938	-	23,938
Interest on the total OPEB liability	51,584	-	51,584
Difference between expected and actual experience of the total OPEB liability	574,627	-	574,627
Changes of assumptions	49,862	-	49,862
Contributions - employer	-	55,109	(55,109)
Contributions - active and inactive employees	-	-	-
Net investment income (loss)	-	-	-
Benefit payment, including the implicit rate subsidy	(55,109)	(55,109)	-
Other changes	-	-	-
Net changes	644,902	-	644,902
Balances at April 30, 2023	\$ 2,279,427	\$ -	\$ 2,279,427

* The net OPEB liability is allocated between the Governmental and Business Type activities based upon covered payroll within the respective activities.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the plan's total OPEB liability, calculated using a Single Discount Rate of 3.53%, as well as what the plan's total OPEB liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

	<u>1% Lower</u>	<u>Current Discount Rate</u>	<u>1% Higher</u>
	(2.53%)	(3.53%)	(4.53%)
Total OPEB liability	\$ <u>2,510,036</u>	\$ <u>2,279,427</u>	\$ <u>2,076,685</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the plan's net OPEB liability, calculated using a Healthcare Trend Rate range of 4.00% - 7.70%, as well as what the plan's net OPEB liability would be if it were calculated using a Healthcare Trend Rate range that is 1% lower or 1% higher than the current range:

	<u>1% Lower</u>	<u>Current Healthcare Rate</u>	<u>1% Higher</u>
	(Varies)	(Varies)	(Varies)
Total OPEB liability	\$ <u>2,051,780</u>	\$ <u>2,279,427</u>	\$ <u>2,542,219</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended April 30, 2023, the Village recognized OPEB expense of \$700,011. At April 30, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in OPEB Expense in Future Periods	\$ <u>-</u>	\$ <u>-</u>

Village of Harwood Heights, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2023

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
(Continued)

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

<u>Year Ended</u> <u>April 30,</u>	<u>Deferred</u> <u>Outflows (Inflows)</u> <u>of Resources</u>
2024	\$ -
2025	-
2026	-
2027	-
2028	-
Thereafter	-
	<u>\$ -</u>

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.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE K - CONTINGENCIES AND COMMITMENTS (Continued)

3. Intergovernmental Agreement and Debt Guarantee

Effective January 1, 2017, the Village entered into an intergovernmental agreement together with the Village of Schiller Park, Illinois and the Village of Norridge, Illinois (each referred to as a “Participating Municipality” or “Party”), to establish a joint emergency telephone system board, referred to as the Municipal Consolidated Dispatch (“MCD”). The MCD is governed by a board consisting of the Village President, Mayor, or his or her designee of each Party, two public safety representatives from each Party, and one public representative from each Party. The MCD’s fiscal year shall be from May 1 to April 30 of the next year.

The proportional share for each Party is calculated as follows: 75% is allocated evenly among the three Parties (25% each), and the remaining 25% is allocated based on each Party’s relative population. The percentage of the MCD’s total operating costs chargeable to each Party is based on the ratio of the total number of computer-aided dispatch (“CAD”) recorded incidents received for each Party during the previous calendar year immediately preceding the start of the fiscal year to the total number of CAD recorded incidents received by MCD during said calendar year. The Village’s total allocation for the year ended April 30, 2023 is 31.20%. The charges are payable to MCD on a quarterly basis.

NOTE L - TAX ABATEMENTS

The Village rebates certain taxes to stimulate economic development. The terms of these rebate arrangements are specified within written agreements with the applicable companies. In general, companies agree to operate business enterprises within Village boundaries in exchange for a rebate of sales tax. The abatements are authorized through resolutions of the Village Board of Trustees and provide for partial reimbursement of land acquisition and/or eligible other improvement costs.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE L - TAX ABATEMENTS (Continued)

The Village has entered into the following abatement agreements:

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 is 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. In 2023, total rebates were approximately \$306,000, approximately \$46,000 of which was due and outstanding at April 30, 2023. Cumulative payments paid or accrued under this arrangement amount to approximately \$3,004,000 through April 30, 2023.

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 business since inception of the agreement and accordingly no rebates have been paid through April 30, 2023.

In April 2015, the Village entered into an agreement with a business developer related to a restaurant to be developed. Under the agreement, the Village shares certain tax revenues generated from the restaurant with the developer. The tax sharing period commenced on the first day of the month following the opening of the restaurant in November 2015 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. 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. In 2023, total rebates were approximately \$26,000, approximately \$2,000 of which was due and outstanding at April 30, 2023. Cumulative payments paid or accrued under this arrangement amount to approximately \$178,000 through April 30, 2023.

Village of Harwood Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE M - DEFICIT FUND BALANCE

As of April 30, 2023, the Capital Projects Fund and the Special Service Area Debt Service Fund have a deficit fund balance of \$12,277 and \$136,710, respectively. The Village expects to fund this deficit through future interfund transfers.

NOTE N - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 24, 2023, the date that these financial statements were available to be issued. Management has determined that no events or transactions, other than in Note G, have occurred subsequent to the statement of net position date that require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Village of Harwood Heights, Illinois
 Illinois Municipal Retirement Fund
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS
Eight Most Recent Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability			
Service cost	\$ 117,259	\$ 117,093	\$ 139,782
Interest on the total pension liability	662,352	604,372	631,202
Difference between expected and actual experience of the total pension liability	(124,268)	554,416	(601,482)
Assumption changes	-	-	(109,754)
Benefit payments and refunds	<u>(502,707)</u>	<u>(449,778)</u>	<u>(387,185)</u>
Net change in total pension liability	152,636	826,103	(327,437)
Total pension liability, beginning	9,328,608	8,502,505	8,829,942
Total pension liability, ending	<u>\$ 9,481,244</u>	<u>\$ 9,328,608</u>	<u>\$ 8,502,505</u>
Plan fiduciary net position			
Contributions, employer	\$ 69,571	\$ 128,822	\$ 143,257
Contributions, employee	56,005	58,137	55,479
Net investment income (loss)	(1,294,705)	1,477,654	1,167,728
Benefit payments, including refunds of employee contributions	(502,707)	(449,778)	(387,185)
Other (net transfer)	<u>(45,941)</u>	<u>155,631</u>	<u>(189,548)</u>
Net change in plan fiduciary net position	(1,717,777)	1,370,466	789,731
Plan fiduciary net position, beginning	10,696,124	9,325,658	8,535,927
Plan fiduciary net position, ending	<u>\$ 8,978,347</u>	<u>\$ 10,696,124</u>	<u>\$ 9,325,658</u>
Net pension liability (asset)	<u>\$ 502,897</u>	<u>\$ (1,367,516)</u>	<u>\$ (823,153)</u>
Plan fiduciary net position as a percentage of the total pension liability	94.70 %	114.66 %	109.68 %
Covered Valuation Payroll	\$ 1,244,560	\$ 1,286,829	\$ 1,232,851
Net pension liability (asset) as a percentage of covered valuation payroll	40.41 %	(106.27) %	(66.77) %

Note: The Village implemented GASB 68 for the Illinois Municipal Retirement Fund beginning with its fiscal year ended April 30, 2016; therefore 10 years of information is not available.

Note: Actuarial valuations are as of December 31, which is four months prior to the end of the fiscal year.

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$	128,553	\$ 103,642	\$ 158,956	\$ 150,233	\$ 140,878
	613,566	545,121	561,127	537,444	513,793
	(133,450)	635,991	(295,493)	(12,743)	23,725
	-	250,608	(264,115)	(9,337)	8,942
	(354,869)	(351,364)	(341,089)	(386,422)	(347,789)
	<u>253,800</u>	<u>1,183,998</u>	<u>(180,614)</u>	<u>279,175</u>	<u>339,549</u>
	8,576,142	7,392,144	7,572,758	7,293,583	6,954,034
\$	<u><u>8,829,942</u></u>	<u><u>8,576,142</u></u>	<u><u>7,392,144</u></u>	<u><u>7,572,758</u></u>	<u><u>7,293,583</u></u>
\$	78,252	\$ 119,692	\$ 131,231	\$ 152,104	\$ 141,104
	59,683	55,073	61,943	71,319	63,185
	1,331,889	(368,715)	1,190,092	461,866	32,819
	(354,869)	(351,364)	(341,089)	(386,422)	(347,789)
	38,784	89,010	(78,267)	(23,927)	74,699
	<u>1,153,739</u>	<u>(456,304)</u>	<u>963,910</u>	<u>274,940</u>	<u>(35,982)</u>
	7,382,188	7,838,492	6,874,582	6,599,642	6,635,624
\$	<u><u>8,535,927</u></u>	<u><u>7,382,188</u></u>	<u><u>7,838,492</u></u>	<u><u>6,874,582</u></u>	<u><u>6,599,642</u></u>
\$	<u><u>294,015</u></u>	<u><u>1,193,954</u></u>	<u><u>(446,348)</u></u>	<u><u>698,176</u></u>	<u><u>693,941</u></u>
	96.67 %	86.08 %	106.04 %	90.78 %	90.49 %
\$	1,326,296	\$ 1,223,839	\$ 1,329,591	\$ 1,439,017	\$ 1,338,389
	22.17 %	97.56 %	(33.57) %	48.52 %	51.85 %

Village of Harwood Heights, Illinois
 Illinois Municipal Retirement Fund
 MULTIYEAR SCHEDULE OF CONTRIBUTIONS
Eight Most Recent Fiscal Years

<u>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>
2023	\$ 69,571 *	\$ 69,571	\$ -	\$ 1,244,560	5.59 %
2022	128,683	128,822	139	1,286,829	10.01
2021	143,257	143,257	-	1,232,851	11.62
2020	78,251	78,252	1	1,326,296	5.90
2019	119,691	119,692	1	1,223,839	9.78
2018	131,231	131,231	-	1,329,591	9.87
2017	152,104	152,104	-	1,439,017	10.57
2016	133,839	141,104	7,265	1,338,389	10.54

* Estimated based on contribution rate of 5.59% and covered valuation payroll of \$1,244,560

Note: The Village implemented GASB 68 for the Illinois Municipal Retirement Fund beginning with its fiscal year ended April 30, 2016; therefore, 10 years of information is not available.

Note: Actuarial valuations are as of December 31, which is four months prior to the end of the fiscal year.

Village of Harwood Heights, Illinois

Police Pension Fund

MULTIYEAR SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Nine Most Recent Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability			
Service cost	\$ 740,079	\$ 638,279	\$ 598,760
Interest on the total pension liability	2,489,361	2,408,124	2,440,686
Difference between expected and actual experience of the total pension liability	244,846	(793,057)	(268,357)
Assumption changes	(376,541)	3,415,084	-
Change of benefit terms	(33,779)	-	-
Benefit payments and refunds	(1,946,444)	(1,909,045)	(1,808,648)
Net change in total pension liability	<u>1,117,522</u>	<u>3,759,385</u>	<u>962,441</u>
Total pension liability, beginning	41,185,697	37,426,312	36,463,871
Total pension liability, ending	<u>\$ 42,303,219</u>	<u>\$ 41,185,697</u>	<u>\$ 37,426,312</u>
Plan fiduciary net position			
Contributions, employer	\$ 2,739,610	\$ 1,246,054	\$ 1,336,155
Contributions, employee	275,571	252,882	239,316
Contributions, other	138,175	160	-
Net investment income (loss)	312,159	(1,524,117)	4,575,906
Benefit payments, including refunds of employee contributions	(1,946,444)	(1,909,045)	(1,808,648)
Transfers to other pensions	-	-	-
Administrative expense	(43,459)	(56,180)	(43,477)
Net change in plan fiduciary net position	<u>1,475,612</u>	<u>(1,990,246)</u>	<u>4,299,252</u>
Plan fiduciary net position, beginning	20,882,758	22,873,004	18,573,752
Plan fiduciary net position, ending	<u>\$ 22,358,370</u>	<u>\$ 20,882,758</u>	<u>\$ 22,873,004</u>
Net pension liability	<u>\$ 19,944,849</u>	<u>\$ 20,302,939</u>	<u>\$ 14,553,308</u>
Plan fiduciary net position as a percentage of the total pension liability	52.85 %	50.70 %	61.11 %
Covered Valuation Payroll	\$ 2,690,009	\$ 2,515,771	\$ 2,429,804
Net pension liability as a percentage of covered valuation payroll	741.44 %	807.03 %	598.95 %

Note: The Village implemented GASB 68 beginning with its fiscal year ended April 30, 2015; therefore, 10 years of information is not available.

2020	2019	2018	2017	2016	2015
\$ 651,594	\$ 610,705	\$ 594,196	\$ 559,532	\$ 516,498	\$ 495,347
2,221,579	2,073,104	2,046,568	1,915,734	1,798,675	1,651,615
2,012,860	377,061	(412,409)	556,388	(551,725)	1,096,887
-	643,854	541,378	-	1,091,793	-
170,664	-	-	-	-	-
(1,707,030)	(1,384,945)	(1,235,590)	(1,225,559)	(1,159,820)	(1,168,464)
3,349,667	2,319,779	1,534,143	1,806,095	1,695,421	2,075,385
33,114,204	30,794,425	29,260,282	27,454,187	25,758,766	23,683,381
<u>\$ 36,463,871</u>	<u>\$ 33,114,204</u>	<u>\$ 30,794,425</u>	<u>\$ 29,260,282</u>	<u>\$ 27,454,187</u>	<u>\$ 25,758,766</u>
\$ 963,830	\$ 901,461	\$ 838,466	\$ 820,142	\$ 668,617	\$ 545,245
258,041	255,098	252,680	283,346	224,805	189,713
-	-	-	-	-	-
134,920	1,189,028	1,015,454	1,079,805	(93,153)	922,870
(1,707,030)	(1,384,945)	(1,235,590)	(1,225,559)	(1,159,820)	(1,115,751)
-	-	-	-	-	(52,895)
(49,959)	(43,278)	(45,956)	(46,967)	(45,779)	(40,152)
(400,198)	917,364	825,054	910,767	(405,330)	449,030
18,973,950	18,056,586	17,231,532	16,320,765	16,726,095	16,277,065
<u>\$ 18,573,752</u>	<u>\$ 18,973,950</u>	<u>\$ 18,056,586</u>	<u>\$ 17,231,532</u>	<u>\$ 16,320,765</u>	<u>\$ 16,726,095</u>
<u>\$ 17,890,119</u>	<u>\$ 14,140,254</u>	<u>\$ 12,737,839</u>	<u>\$ 12,028,750</u>	<u>\$ 11,133,422</u>	<u>\$ 9,032,671</u>
50.94 %	57.30 %	58.64 %	58.89 %	59.45 %	64.93 %
\$ 2,479,425	\$ 2,783,628	\$ 2,568,420	\$ 2,423,667	\$ 2,115,352	\$ 2,133,608
721.54 %	507.98 %	495.94 %	496.30 %	526.32 %	423.35 %

Village of Harwood Heights, Illinois
 Police Pension Fund
 MULTIYEAR SCHEDULE OF CONTRIBUTIONS
Nine Most Recent Fiscal Years

<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>
2023	\$ 1,381,684	\$ 2,739,610	\$ 1,357,926	\$ 2,690,009	101.84 %
2022	1,393,037	1,246,054	(146,983)	2,515,771	49.53
2021	2,016,827	1,336,155	(680,672)	2,429,804	54.99
2020	1,640,140	963,830	(676,310)	2,479,425	38.87
2019	1,413,603	901,461	(512,142)	2,783,628	32.38
2018	1,303,048	838,466	(464,582)	2,568,420	32.65
2017	1,137,658	820,142	(317,516)	2,423,667	33.84
2016	998,578	668,617	(329,961)	2,115,352	31.61
2015	661,085	545,245	(115,840)	2,133,608	25.56

Note: The Village implemented GASB 68 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
MULTIYEAR SCHEDULE OF INVESTMENT RETURNS
Nine Most Recent Fiscal Years

<u>Fiscal Year</u>	<u>Annual Money- Weighted Rate of Return, Net of Investment Expense</u>
2023	N/A
2022	(6.72)%
2021	24.91%
2020	0.69%
2019	4.54%
2018	5.94%
2017	6.67%
2016	(0.54)%
2015	5.78%

Note: The Village implemented GASB 68 beginning with its fiscal year ended April 30, 2015; therefore, 10 years of information is not available.

Village of Harwood Heights, Illinois

Retiree Health Plan

MULTIYEAR SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY AND RELATED RATIOS

Five Most Recent Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total OPEB liability				
Service cost	\$ 23,938	\$ 28,083	\$ 37,939	\$ 28,204
Interest on the total OPEB liability	51,584	40,821	47,708	51,751
Change in benefit terms	-	-	-	-
Difference between expected and actual experience of the total OPEB liability	574,627	-	(212,020)	-
Assumption changes	49,862	(207,799)	114,329	469,724
Benefit payments and refunds	(55,109)	(49,715)	(56,780)	(46,655)
Other changes	-	-	-	-
Net change in total OPEB liability	<u>644,902</u>	<u>(188,610)</u>	<u>(68,824)</u>	<u>503,024</u>
Total OPEB liability, beginning	<u>1,634,525</u>	<u>1,823,135</u>	<u>1,891,959</u>	<u>1,388,935</u>
Total OPEB liability, ending	<u>\$ 2,279,427</u>	<u>\$ 1,634,525</u>	<u>\$ 1,823,135</u>	<u>\$ 1,891,959</u>
Plan fiduciary net position				
Contributions, employer	\$ 55,109	\$ 49,715	\$ 56,780	\$ 46,655
Contributions, employee	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of employee contributions	(55,109)	(49,715)	(56,780)	(46,655)
Other (net transfer)	-	-	-	-
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability	<u>\$ 2,279,427</u>	<u>\$ 1,634,525</u>	<u>\$ 1,823,135</u>	<u>\$ 1,891,959</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-
	%	%	%	%
Covered valuation payroll	\$ 4,644,842	\$ 4,374,237	\$ 3,991,671	\$ 3,875,409
Net OPEB liability as a percentage of covered valuation payroll	49.07	37.37	45.67	48.82
	%	%	%	%

Note: The Village implemented GASB 75 beginning with its fiscal year ended April 30, 2019; therefore 10 years of information is not available.

2019

\$ 26,413
52,084
-
-
20,402
(43,847)
-
55,052
1,333,883
\$ 1,388,935

\$ 43,847
-
-
(43,847)
-
-
-
-
\$ -
\$ 1,388,935

- %

\$ 4,081,786

34.03 %

Village of Harwood Heights, Illinois
 General Fund
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - APPROPRIATION AND ACTUAL
Year Ended April 30, 2023

	<u>Original Appropriation</u>	<u>Amended and Final Appropriation</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Revenues				
Taxes	\$ 4,776,740	\$ 4,733,031	\$ 5,208,333	\$ 475,302
Intergovernmental	3,796,568	4,216,548	3,746,366	(470,182)
Licenses and permits	508,600	516,070	479,090	(36,980)
Fines	674,000	675,910	682,983	7,073
Charges for services	346,700	364,587	367,123	2,536
Investment income	2,505	400,410	412,680	12,270
Miscellaneous	87,500	228,716	230,560	1,844
Total revenues	<u>10,192,613</u>	<u>11,135,272</u>	<u>11,127,135</u>	<u>(8,137)</u>
Expenditures				
Current				
General government	2,205,121	1,791,190	1,804,351	13,161
Public safety	5,208,371	5,401,225	7,530,976	2,129,751
Public works	1,413,791	1,384,738	1,379,572	(5,166)
Debt service				
Principal	178,533	178,533	199,680	21,147
Interest and other	3,926	5,426	5,427	1
Capital outlay	401,000	285,181	357,194	72,013
Total expenditures	<u>9,410,742</u>	<u>9,046,293</u>	<u>11,277,200</u>	<u>2,230,907</u>
Excess (deficiency) of revenues over expenditures	<u>781,871</u>	<u>2,088,979</u>	<u>(150,065)</u>	<u>(2,239,044)</u>
Other financing sources (uses)				
Debt issuance	-	-	84,150	84,150
Transfers in	100,000	-	-	-
Transfers out	(726,675)	(726,675)	(1,350,000)	(623,325)
Total other financing sources (uses)	<u>(626,675)</u>	<u>(726,675)</u>	<u>(1,265,850)</u>	<u>(539,175)</u>
Net change in fund balance	<u>\$ 155,196</u>	<u>\$ 1,362,304</u>	<u>(1,415,915)</u>	<u>\$ (2,778,219)</u>
Fund balance				
Beginning of year			<u>15,092,277</u>	
End of year			<u>\$ 13,676,362</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, 2023

	<u>Original Appropriation</u>	<u>Amended and Final Appropriation</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Revenues				
Taxes	\$ 568,211	\$ 350,000	\$ 363,889	\$ 13,889
Intergovernmental	-	-	94,594	94,594
Interest	250	19,230	20,502	1,272
Total revenues	<u>568,461</u>	<u>369,230</u>	<u>478,985</u>	<u>109,755</u>
Expenditures				
Public works	60,100	61,544	75,461	13,917
Total expenditures	<u>60,100</u>	<u>61,544</u>	<u>75,461</u>	<u>13,917</u>
Excess of expenditures over revenues	<u>508,361</u>	<u>307,686</u>	<u>403,524</u>	<u>95,838</u>
Other financing uses				
Transfers out	<u>(700,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing uses	<u>(700,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (191,639)</u>	<u>\$ 307,686</u>	403,524	<u>\$ (95,838)</u>
Fund balance				
Beginning of year			<u>622,536</u>	
End of year			<u>\$ 1,026,060</u>	

Village of Harwood Heights, Illinois
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2023

NOTE A - APPROPRIATIONS

The Village prepares its appropriation ordinance in accordance with generally accepted accounting principles. Annual appropriations are adopted at the fund level for all funds. The annual appropriations lapse at fiscal year-end.

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, 2023 is taken by the Village Board before July 31, 2022. The original appropriation ordinance was adopted by the Village Board on April 28, 2022 and the amended and final appropriation ordinance was adopted by the Village Board on April 27, 2023.
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.

NOTE B - EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following funds had an excess of expenditures over appropriations for the year ended April 30, 2023:

<u>Fund</u>	<u>Variance</u>
General	\$ 2,230,907
Motor Fuel Tax	13,917
SSA Debt Service	38

Village of Harwood Heights, Illinois
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2023

**NOTE C - SUMMARY OF ACTUARIAL METHODS AND CONTRIBUTIONS USED IN THE
 CALCULATION OF THE 2022 IMRF CONTRIBUTION RATE ***

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2022 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP, and ECO groups): 21-year closed period Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 16 years for most employers (five employers were financed over 17 years; one employer was financed over 18 years; two employers were financed over 19 years; one employer was financed over 20 years; three employers were financed over 25 years; four employers were financed over 26 years and one employer was financed over 27 years).
Asset Valuation Method	5-year smoothed market; 20% corridor
Wage Growth	2.75%
Price Inflation	2.25%
Salary Increases	2.85% to 13.75%, including inflation
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 calculation pursuant to an experience study of the period 2017-2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Village of Harwood Heights, Illinois
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2023

NOTE C - SUMMARY OF ACTUARIAL METHODS AND CONTRIBUTIONS USED IN THE CALCULATION OF THE 2022 IMRF CONTRIBUTION RATE (Continued) *

Other Information: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2020 actuarial valuation.

Change in Assumptions:

For the 2022 measurement year, the assumed investment rate of return was 7.25 percent, including an inflation rate of 2.25 percent and a real return of 5.00 percent.

For the 2021, 2020, 2019, and 2018 measurement year, the assumed investment rate of return was 7.25 percent, including an inflation rate of 2.50 percent and a real return of 4.75 percent.

For the 2017, 2016, 2015 and 2014 measurement years, the assumed investment rate of return was 7.50 percent, including an inflation rate of 2.50 percent and a real return of 5.00 percent.

NOTE D - SUMMARY OF ACTUARIAL METHODS AND CONTRIBUTIONS USED IN THE CALCULATION OF THE 2023 POLICE PENSION CONTRIBUTION RATE

Actuarial Cost Method	Projected unit credit
Amortization Method	Level % pay (closed)
Equivalent Single Amortization Period	90% funded over 19 years
Asset valuation method	5-year smoothed fair value
Mortality	RP-2014 Healthy Annuitant with Blue Collar Adjustment
Investment Rate of Return	6.50%
Retirement Age	Based on the L&A Assumption Study for Police 2020 Cap Age 65.
Disability Rate	0.00% - 0.48% based on the L&A Assumption Study for Police 2020. 65% of active members who become disabled are assumed to be in the line of duty.
Termination Rate	0.46% - 8.00%, based on L&A Assumption Study for Police 2020.
Total Payroll Increases	3.50%
Individual Salary Increases	3.50% - 11.00%
Inflation	2.50%
Marital Status	80% of active members are assumed to be married, with males assumed to be three years older than females. Actual spousal data was utilized for retiree and disabled members.

Village of Harwood Heights, Illinois
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2023

NOTE D - SUMMARY OF ACTUARIAL METHODS AND CONTRIBUTIONS USED IN THE
CALCULATION OF THE 2023 POLICE PENSION CONTRIBUTION RATE (Continued)

Cost-of-Living Adjustment Tier 1: 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55.
Tier 2: 3.00% per year after the later of attainment of age 60 or first anniversary of retirement.

The following actuarial assumption changes were made:

2023 - The Bond Rate was changed to 3.53% from 3.21%.

2022 - The Bond Rate was changed to 3.21% from 1.83%. The Discount Rate was changed to 6.15% from 6.75%. Certain rates were updated using the L&A Assumption Study for Police 2020.

2021 and 2020 - There were no assumption or method changes since the prior valuation.

2019 - The mortality rates were updated to reflect the PubS-2010 tables.

2018 - The retirement, termination disability and salary increase rates were updated; the percentage of disabilities assumed to be in the line of duty was updated from 70% to 60%; the percentage of deaths assumed to be in the line of duty was updated from 5% to 10%; and the investment return assumption was updated from 7.00% to 6.75%.

2017 - There were no assumption or method changes since the prior valuation.

2016 - Morality Rates were updated from RP-2000 Combined Healthy Morality table to the RP-2000 Combined Healthy Morality table projected to the valuation date using Scale BB; disabled mortality rates were updated from the RP-2000 Disabled Retiree Mortality table to the RP-2000 Disabled Retiree Mortality table projected to the valuation date using Scale BB.

SUPPLEMENTARY FINANCIAL INFORMATION

Village of Harwood Heights, Illinois
 General Fund
 SCHEDULE OF DETAILED REVENUES - APPROPRIATION AND ACTUAL
Year Ended April 30, 2023

	<u>Original Appropriation</u>	<u>Amended and Final Appropriation</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Revenues				
Taxes				
Property				
General	\$ 1,009,690	\$ 850,000	\$ 1,046,196	\$ 196,196
Police pension	750,000	600,000	739,610	139,610
Total property taxes	<u>1,759,690</u>	<u>1,450,000</u>	<u>1,785,806</u>	<u>335,806</u>
Other taxes				
Home rule sales tax	1,650,000	1,805,000	1,842,676	37,676
Video rental tax	275	309	309	-
Utility	505,000	545,000	570,656	25,656
Telecommunications	90,000	77,250	82,087	4,837
Real estate transfer tax	485,000	540,000	552,706	12,706
Long term storage tax	55,000	61,700	62,238	538
Motor fuel tax	100,000	101,500	102,531	1,031
Video Gaming	75,000	88,000	146,893	58,893
Cannabis use tax	16,775	14,272	14,272	-
Car wash tax	40,000	50,000	48,159	(1,841)
Total other taxes	<u>3,017,050</u>	<u>3,283,031</u>	<u>3,422,527</u>	<u>139,496</u>
Total taxes	<u>4,776,740</u>	<u>4,733,031</u>	<u>5,208,333</u>	<u>475,302</u>
Intergovernmental revenues				
Taxes				
Sales tax	1,658,500	1,792,500	1,840,313	47,813
State income tax	1,161,300	1,350,000	1,395,027	45,027
State local use tax	310,200	369,000	369,529	529
Roads and bridges	25,500	23,000	26,287	3,287
Rent	31,396	31,395	31,395	-
Personal property replacement tax	11,748	28,500	28,659	159
Total intergovernmental taxes	<u>3,198,644</u>	<u>3,594,395</u>	<u>3,691,210</u>	<u>96,815</u>

(Continued)

Village of Harwood Heights, Illinois
 General Fund
 SCHEDULE OF DETAILED REVENUES - APPROPRIATION AND ACTUAL
Year Ended April 30, 2023

Revenues (continued)	<u>Original Appropriation</u>	<u>Amended and Final Appropriation</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Grants				
IPRF grant	\$ 31,512	\$ 31,512	\$ 31,512	\$ -
Intergovernmental grants	-	23,644	23,644	-
ARPA relief grant	566,412	566,997	-	(566,997)
Total intergovernmental grants	<u>597,924</u>	<u>622,153</u>	<u>55,156</u>	<u>(566,997)</u>
Total intergovernmental revenues	<u>3,796,568</u>	<u>4,216,548</u>	<u>3,746,366</u>	<u>(470,182)</u>
Licenses and permits				
Business licenses	55,000	55,000	78,988	23,988
Liquor licenses	65,000	64,000	67,505	3,505
Overweight truck permits	-	-	210	210
Building permits	95,000	92,000	90,288	(1,712)
Sewer permits	3,000	-	-	-
Plumbing permits	2,200	2,045	2,045	-
Electrical permits	3,500	6,750	6,775	25
Elevator inspections	2,000	2,650	2,650	-
Building inspections	8,000	14,500	14,420	(80)
Fence permits	750	1,475	1,475	-
Franchise fees	93,000	93,000	90,663	(2,337)
Dog tags	150	150	182	32
Vehicle licenses	115,000	115,000	107,317	(7,683)
Video gaming	63,000	66,500	13,500	(53,000)
Parking permit	3,000	3,000	3,072	72
Total licenses and permits	<u>508,600</u>	<u>516,070</u>	<u>479,090</u>	<u>(36,980)</u>

(Continued)

Village of Harwood Heights, Illinois
 General Fund
 SCHEDULE OF DETAILED REVENUES - APPROPRIATION AND ACTUAL
Year Ended April 30, 2023

Revenues (continued)	<u>Original Appropriation</u>	<u>Amended and Final Appropriation</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Fines				
Code enforcement fines	\$ 3,000	\$ 820	\$ 845	\$ 25
6B fine	6,000	-	10,756	10,756
Traffic	15,000	24,000	23,254	(746)
Overweight trucks	1,500	1,490	1,280	(210)
Safe speed	295,000	272,000	256,323	(15,677)
Red speed	150,000	240,000	243,650	3,650
Parking tickets	165,000	101,000	111,520	10,520
Vehicle impound fees	15,000	12,600	12,600	-
Illinois debt recovery	23,500	24,000	22,755	(1,245)
Total fines	<u>674,000</u>	<u>675,910</u>	<u>682,983</u>	<u>7,073</u>
Charges for services				
Youth program fees	6,500	7,905	7,940	35
Garbage fees	300,000	326,000	326,007	7
Hearing fees	500	-	-	-
Hearing officer fees	500	-	-	-
Escrow bond forfeiture	500	-	-	-
Police reports	1,250	1,725	1,725	-
Rental	25,000	19,000	20,655	1,655
Credit card processing	100	-	-	-
Recreation center - activities	10,000	8,200	9,039	839
Recreation center - memberships	2,350	1,757	1,757	-
Total charges for services	<u>346,700</u>	<u>364,587</u>	<u>367,123</u>	<u>2,536</u>
Investment income				
Interest	2,505	400,410	412,680	12,270
Total investment income	<u>2,505</u>	<u>400,410</u>	<u>412,680</u>	<u>12,270</u>

(Continued)

Village of Harwood Heights, Illinois
 General Fund
 SCHEDULE OF DETAILED REVENUES - APPROPRIATION AND ACTUAL
Year Ended April 30, 2023

	<u>Original Appropriation</u>	<u>Amended and Final Appropriation</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Revenues (continued)				
Miscellaneous revenues				
Reimbursements				
National Opioids Settlement	\$ -	\$ 4,195	\$ 4,195	\$ -
Workers comp reimbursement	15,000	60,981	60,981	-
Insurance	15,500	12,544	12,707	163
Personnel (guards)	12,000	20,913	20,913	-
Police	1,500	-	-	-
Vacant properties	1,000	2,600	2,800	200
Special events revenue	20,000	67,483	67,843	360
Other miscellaneous	<u>22,500</u>	<u>60,000</u>	<u>61,121</u>	<u>1,121</u>
Total miscellaneous revenues	<u>87,500</u>	<u>228,716</u>	<u>230,560</u>	<u>1,844</u>
Total revenues	<u>\$ 10,192,613</u>	<u>\$ 11,135,272</u>	<u>\$ 11,127,135</u>	<u>\$ (8,137)</u>

(Concluded)

Village of Harwood Heights, Illinois

General Fund

SCHEDULE OF DETAILED EXPENDITURES - APPROPRIATION AND ACTUAL Year Ended April 30, 2023

	<u>Original Appropriation</u>	<u>Amended and Final Appropriation</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Expenditures				
General Government				
General Management and Support				
General administration	\$ 847,872	\$ 384,639	\$ 441,453	\$ 56,814
Legal	126,000	138,064	117,669	(20,395)
Finance	505,806	530,207	525,072	(5,135)
Building	80,478	79,876	77,911	(1,965)
Total General Management and Support	<u>1,560,156</u>	<u>1,132,786</u>	<u>1,162,105</u>	<u>29,319</u>
Recreation and cultural opportunities	<u>369,360</u>	<u>368,644</u>	<u>362,072</u>	<u>(6,572)</u>
Health	<u>34,355</u>	<u>38,069</u>	<u>35,125</u>	<u>(2,944)</u>
Miscellaneous	<u>241,250</u>	<u>251,691</u>	<u>245,049</u>	<u>(6,642)</u>
Total General Government	<u>2,205,121</u>	<u>1,791,190</u>	<u>1,804,351</u>	<u>13,161</u>
Public Safety				
Police	<u>5,208,371</u>	<u>5,401,225</u>	<u>7,530,976</u>	<u>2,129,751</u>
Public Works				
Forestry	50,000	34,020	34,020	-
Streets and lights	689,890	670,940	668,127	(2,813)
Refuse disposal	673,901	679,778	677,425	(2,353)
Total Public Works	<u>1,413,791</u>	<u>1,384,738</u>	<u>1,379,572</u>	<u>(5,166)</u>
Debt Service				
Principal	178,533	178,533	199,680	21,147
Interest and other	3,926	5,426	5,427	1
Total Debt Service	<u>182,459</u>	<u>183,959</u>	<u>205,107</u>	<u>21,148</u>
Capital outlay	<u>401,000</u>	<u>285,181</u>	<u>357,194</u>	<u>72,013</u>
Total expenditures	<u>\$ 9,410,742</u>	<u>\$ 9,046,293</u>	<u>\$ 11,277,200</u>	<u>\$ 2,230,907</u>

Village of Harwood Heights, Illinois
 General Obligation Bonds Fund
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - APPROPRIATION AND ACTUAL
Year Ended April 30, 2023

	<u>Original Appropriation</u>	<u>Amended and Final Appropriation</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Revenues				
Taxes	\$ 338,604	\$ 275,000	\$ 314,876	\$ 39,876
Total revenues	<u>338,604</u>	<u>275,000</u>	<u>314,876</u>	<u>39,876</u>
Expenditures				
Debt service				
Principal	765,000	765,000	765,000	-
Interest and other	380,213	380,663	380,187	(476)
Total debt service	<u>1,145,213</u>	<u>1,145,663</u>	<u>1,145,187</u>	<u>(476)</u>
Total expenditures	<u>1,145,213</u>	<u>1,145,663</u>	<u>1,145,187</u>	<u>(476)</u>
Excess of expenditures over revenue	<u>(806,609)</u>	<u>(870,663)</u>	<u>(830,311)</u>	<u>40,352</u>
Other financing uses				
Transfer in	726,675	726,675	550,000	(176,675)
Transfer out	(205,667)	(205,667)	(205,667)	-
Total other financing uses	<u>521,008</u>	<u>521,008</u>	<u>344,333</u>	<u>(176,675)</u>
Net change in fund balance	<u>\$ (285,601)</u>	<u>\$ (349,655)</u>	(485,978)	<u>\$ (136,323)</u>
Fund balance				
Beginning of year			<u>729,493</u>	
End of year			<u>\$ 243,515</u>	

Village of Harwood Heights, Illinois
 Capital Projects Fund
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND DEFICIT - APPROPRIATION AND ACTUAL
Year Ended April 30, 2023

	<u>Original Appropriation</u>	<u>Amended and Final Appropriation</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Revenues				
Intergovernmental	\$ 2,642,094	\$ 450,000	\$ -	\$ (450,000)
Total revenues	<u>2,642,094</u>	<u>450,000</u>	<u>-</u>	<u>(450,000)</u>
Expenditures				
Capital outlay				
Recreation Center	-	-	-	-
Other	3,246,500	738,794	540,170	(198,624)
Total expenditures	<u>3,246,500</u>	<u>738,794</u>	<u>540,170</u>	<u>(198,624)</u>
Excess of expenditures over revenue	<u>(604,406)</u>	<u>(288,794)</u>	<u>(540,170)</u>	<u>(251,376)</u>
Other financing sources				
Transfers in	700,000	800,000	800,000	-
Total other financing sources	<u>700,000</u>	<u>800,000</u>	<u>800,000</u>	<u>-</u>
Net change in fund deficit	<u>\$ 95,594</u>	<u>\$ 511,206</u>	259,830	<u>\$ (251,376)</u>
Fund deficit				
Beginning of year			<u>(272,107)</u>	
End of year			<u>\$ (12,277)</u>	

Nonmajor Governmental Funds

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 DUI Fund is used for enforcement and prevention of driving while under the influence of alcohol, other drug or drugs, intoxicating compounds or any combination thereof; including but not limited to the purchase of law enforcement equipment and commodities that will assist in the prevention of alcohol related criminal violence; police officer training and education in areas related to alcohol related crime, including but not limited to DUI training; and police officer salaries, including but not limited to salaries for hire back funding for safety checkpoints, saturation patrols, and liquor store sting operations.

Village of Harwood Heights, Illinois
 Nonmajor Governmental Funds
 COMBINING BALANCE SHEET
April 30, 2023

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Criminal Investigation</u>	<u>DUI</u>	<u>SSA Debt Service</u>	
ASSETS				
Cash and cash equivalents	\$ 18,823	\$ 5,211	\$ 252,684	\$ 276,718
Total assets	<u>\$ 18,823</u>	<u>\$ 5,211</u>	<u>\$ 252,684</u>	<u>\$ 276,718</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 38	\$ 38
Due to other funds	<u>-</u>	<u>-</u>	<u>389,356</u>	<u>389,356</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>389,394</u>	<u>389,394</u>
FUND BALANCE				
Restricted for				
Special revenue funds	18,823	5,211	-	24,034
Unassigned	<u>-</u>	<u>-</u>	<u>(136,710)</u>	<u>(136,710)</u>
Total fund balance	<u>18,823</u>	<u>5,211</u>	<u>(136,710)</u>	<u>(112,676)</u>
Total liabilities and fund balances	<u>\$ 18,823</u>	<u>\$ 5,211</u>	<u>\$ 252,684</u>	<u>\$ 276,718</u>

Village of Harwood Heights, Illinois
 Nonmajor Governmental Funds
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
Year Ended April 30, 2023

	Special Revenue Funds		Debt Service Fund	Total Nonmajor Governmental Funds
	Criminal Investigation	DUI	SSA Debt Service	
Revenues				
Taxes	\$ -	\$ -	\$ 11,456	\$ 11,456
Fines	-	558	-	558
Investment income	-	2	1,846	1,848
Total revenues	-	560	13,302	13,862
Expenditures				
Miscellaneous	4	-	113	117
Total expenditures	4	-	113	117
Excess (deficiency) of revenues over expenditures	(4)	560	13,189	13,745
Fund balance				
Beginning of year	18,827	4,651	(149,899)	(126,421)
End of year	\$ 18,823	\$ 5,211	\$ (136,710)	\$ (112,676)

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, 2023

	<u>Original Appropriation</u>	<u>Amended and Final Appropriation</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Operating revenues				
Charges for sales and services				
Water sales	\$ 2,415,000	\$ 2,340,000	\$ 2,403,415	\$ 63,415
Sewer fees	347,550	340,000	340,111	111
Water taps	5,000	2,500	2,500	-
Sewer taps	1,000	-	-	-
Meter sales	3,500	2,270	1,912	(358)
Miscellaneous	2,500	3,571	3,520	(51)
Total charges for sales and services	<u>2,774,550</u>	<u>2,688,341</u>	<u>2,751,458</u>	<u>63,117</u>
Penalties	<u>50,000</u>	<u>13,000</u>	<u>13,541</u>	<u>541</u>
Total operating revenues	<u>2,824,550</u>	<u>2,701,341</u>	<u>2,764,999</u>	<u>63,658</u>
Non operating revenues				
Antenna leasing	39,396	39,397	39,397	-
Interest income	50	95	90	(5)
Total non operating revenues	<u>39,446</u>	<u>39,492</u>	<u>39,487</u>	<u>(5)</u>
Total revenues	<u>\$ 2,863,996</u>	<u>\$ 2,740,833</u>	<u>\$ 2,804,486</u>	<u>\$ 63,653</u>

Village of Harwood Heights, Illinois
Water and Sewer Fund
SCHEDULE OF DETAILED EXPENSES - APPROPRIATION AND ACTUAL
Year Ended April 30, 2023

	<u>Original Appropriation</u>	<u>Amended and Final Appropriation</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Operating expenses				
Personal services				
Salary - water commissioner	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Unused sick buyback	11,000	11,967	11,967	-
Office clerks	54,579	55,729	55,760	31
Part-time clerks	11,238	12,705	12,467	(238)
Public works superintendent	50,610	42,918	43,107	189
Public works foremen	50,959	51,882	51,882	-
Public works full-time laborer	231,160	202,275	202,082	(193)
Overtime	35,000	28,200	27,892	(308)
Unused sick	2,500	1,111	1,111	-
On call	4,200	3,249	3,249	-
Office supplies	500	1,200	1,256	56
Taxes - FICA	28,851	30,350	30,210	(140)
Total personal services	<u>490,597</u>	<u>453,086</u>	<u>452,483</u>	<u>(603)</u>
Commodities				
Vehicle gas and oil	10,000	16,000	14,504	(1,496)
Purchase of water	1,176,000	1,200,000	1,182,344	(17,656)
Supplies - chlorine	1,200	-	-	-
Supplies - pump room	5,500	2,051	2,051	-
Supplies maintenance	17,000	15,500	17,645	2,145
Hydrant parts	6,000	288	288	-
Meter purchases	17,000	5,000	6,872	1,872
Total commodities	<u>1,232,700</u>	<u>1,238,839</u>	<u>1,223,704</u>	<u>(15,135)</u>

(Continued)

Village of Harwood Heights, Illinois
Water and Sewer Fund
SCHEDULE OF DETAILED EXPENSES - APPROPRIATION AND ACTUAL
Year Ended April 30, 2023

	<u>Original Appropriation</u>	<u>Amended and Final Appropriation</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Operating expenses (continued)				
Other services				
City of Chicago sewer fees	\$ 382,764	\$ 383,468	\$ 381,955	\$ (1,513)
Telephone	2,500	376	376	-
Postage	7,000	7,700	7,117	(583)
Printing	5,300	5,625	6,471	846
Water testing	8,000	2,932	2,807	(125)
Dues, lectures, and conference fees	3,000	2,669	3,449	780
Uniform allowance	2,000	1,029	1,029	-
Street, sidewalk, and parkway repair	18,000	33,254	33,254	-
Maintenance - equipment	20,000	22,000	19,660	(2,340)
Main testing and maintenance	1,500	-	-	-
Buildings and grounds maintenance	8,000	1,500	1,412	(88)
Box truck lease	50,000	49,960	-	(49,960)
Maintenance - vehicles	10,000	9,000	6,806	(2,194)
Legal	1,000	-	-	-
Outside service - breaks	20,000	18,000	17,596	(404)
Water service - miscellaneous	1,000	361	361	-
Supplies - building	2,000	149	141	(8)
Sewer repair	4,500	3,614	5,354	1,740
Dump fees	15,000	15,500	15,406	(94)
Permits - sewer fee	1,000	1,000	1,000	-
Single family flood relief grant	4,500	-	-	-
GIS	20,000	-	-	-
Insurance-property, liability, and auto	53,227	52,998	52,988	(10)
IMRF net pension asset				
liability adjustment	7,500	7,500	6,509	(991)
RHP OPEB liability adjustment	7,500	7,500	58,041	50,541
Contractual services - BSA software	2,535	2,529	2,529	-
Contractual services - census	1,950	1,950	1,950	-
Contractual services - generator	3,000	1,411	2,060	649
Contractual services - water				
tower maintenance	29,725	40,426	40,426	-

(Continued)

Village of Harwood Heights, Illinois
Water and Sewer Fund
SCHEDULE OF DETAILED EXPENSES - APPROPRIATION AND ACTUAL
Year Ended April 30, 2023

	<u>Original Appropriation</u>	<u>Amended and Final Appropriation</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Operating expenses (continued)				
Other services (continued)				
Professional services - auditing	\$ 9,000	\$ 10,300	\$ 10,300	\$ -
Professional services - engineering	27,500	1,925	1,925	-
Professional services - general	8,400	8,400	7,700	(700)
Contractual services - backflow	7,816	8,500	7,686	(814)
Total other services	<u>745,217</u>	<u>701,576</u>	<u>696,308</u>	<u>(5,268)</u>
Capital outlay				
Pump room equipment	10,000	12,227	12,227	-
Other equipment purchases	305,000	70,000	2,989	(67,011)
Total capital outlay	<u>315,000</u>	<u>82,227</u>	<u>15,216</u>	<u>(67,011)</u>
Depreciation and amortization	<u>187,178</u>	<u>187,178</u>	<u>201,628</u>	<u>14,450</u>
Total operating expenses	<u>2,970,692</u>	<u>2,662,906</u>	<u>2,589,339</u>	<u>(73,567)</u>
Non operating expenses				
Interest expense	<u>48,867</u>	<u>48,866</u>	<u>48,191</u>	<u>(676)</u>
Total non operating expenses	<u>48,867</u>	<u>48,866</u>	<u>48,191</u>	<u>(676)</u>
Total expenses	<u>\$ 3,019,559</u>	<u>\$ 2,711,772</u>	<u>\$ 2,637,530</u>	<u>\$ (74,243)</u>

OTHER SUPPLEMENTAL INFORMATION (Unaudited)

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

	2023	2022	2021*	2020	2019
Revenues					
Taxes	\$ 5,898,554	\$ 5,876,802	\$ 5,165,436	\$ 5,649,900	\$ 4,907,152
Intergovernmental	3,840,960	4,512,876	4,706,282	2,880,155	3,777,854
Licenses and Permits	479,090	482,997	452,837	513,490	488,338
Fines	683,541	728,596	623,090	997,033	875,628
Charges for Services	367,123	339,434	250,859	275,140	315,696
Investment Income	435,030	12,947	4,334	27,262	36,399
Miscellaneous	230,560	209,940	75,823	147,615	155,123
Total Revenues	11,934,858	12,163,592	11,278,661	10,490,595	10,556,190
Expenditures					
General Government	1,804,351	1,638,855	1,615,063	1,794,446	1,682,533
Public Safety	7,530,976	5,770,473	5,668,947	5,714,695	5,817,727
Public Works	1,455,033	1,355,245	1,361,591	1,407,196	1,499,117
Grant	-	-	-	-	-
Miscellaneous	117	6,385	9,842	13,703	13,000
Capital Outlay	897,364	1,648,593	219,362	916,253	3,229,035
Debt Service					
Principal	964,680	844,839	620,215	627,474	571,749
Interest and Other	385,614	153,136	166,172	174,909	191,163
Total Expenditures	13,038,135	11,417,526	9,661,192	10,648,676	13,004,324
Other Financing Sources (Uses)					
Transfer out	(1,555,667)	(1,205,667)	(205,667)	(205,667)	(598,840)
Transfer in	1,350,000	1,000,000	-	-	393,174
Issuance of Debt	84,150	11,170,000	-	138,860	-
Premium/(Discount) on Debt Issuance	-	(48,912)	-	-	-
Total Other Financing Sources (Uses)	(121,517)	10,915,421	(205,667)	(66,807)	(205,666)
Net Change in Fund Balance	(1,224,794)	11,661,487	1,411,802	(224,888)	(2,653,800)
Fund Balance					
Beginning of Year	16,045,778	4,384,291	2,972,489	3,177,415	5,831,215
End of Year	<u>\$ 14,820,984</u>	<u>\$ 16,045,778</u>	<u>\$ 4,384,291</u>	<u>\$ 2,952,527</u>	<u>\$ 3,177,415</u>

* Note: The Governmental Accounting Standards Board (GASB) has issued Statement No. 84, Fiduciary Funds which was adopted by the Village which was implemented by the Village for the year ended April 30, 2021. This Statement established guidance for identifying fiduciary activities and resulted in a change to accounting and financial reporting requirements. As a result of this implementation, as of May 1, 2020, cash and investments increased by \$81,879, other liabilities increased by \$61,917, and fund balance increased by \$19,962.

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

	<u>2023</u>	<u>2022</u>	<u>2021**</u>	<u>2020</u>	<u>2019 *</u>
Governmental activities					
Net investment in capital assets	\$ 12,625,494	\$ 12,464,204	\$ 11,118,377	\$ 11,127,383	\$ 10,860,947
Restricted	9,653,509	11,734,561	1,638,198	1,423,385	1,526,045
Unrestricted	<u>(24,904,336)</u>	<u>(25,732,859)</u>	<u>(15,634,325)</u>	<u>(15,606,549)</u>	<u>(13,535,879)</u>
Total governmental activities	<u>(2,625,333)</u>	<u>(1,534,094)</u>	<u>(2,877,750)</u>	<u>(3,055,781)</u>	<u>(1,148,887)</u>
Business-type activities					
Net investment in capital assets	4,216,404	4,021,607	3,930,696	3,924,199	3,923,382
Unrestricted	<u>934,055</u>	<u>756,229</u>	<u>209,661</u>	<u>(202,228)</u>	<u>(467,703)</u>
Total business-type activities	<u>5,150,459</u>	<u>4,777,836</u>	<u>4,140,357</u>	<u>3,721,971</u>	<u>3,455,679</u>
Total	<u>\$ 2,525,126</u>	<u>\$ 3,243,742</u>	<u>\$ 1,262,607</u>	<u>\$ 666,190</u>	<u>\$ 2,306,792</u>

* Note: The Governmental Accounting Standards Board (GASB) had issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which was adopted by the Village for the fiscal year ended April 30, 2019. The Village must now record the total/net OPEB liability as it relates to the Retiree Health Plan. As a result of the implementation, net position as of May 1, 2018 decreased by \$1,013,909.

** Note: The Governmental Accounting Standards Board (GASB) has issued Statement No. 84, *Fiduciary Funds* which was adopted by the Village which was implemented by the Village for the year ended April 30, 2021. This Statement established guidance for identifying fiduciary activities and resulted in a change to accounting and financial reporting requirements. As a result of this implementation, as of May 1, 2020, cash and investments increased by \$81,879, other liabilities increased by \$61,917, and fund balance increased by \$19,962.