



VILLAGE OF HARWOOD HEIGHTS, ILLINOIS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
APRIL 30, 2024

VILLAGE OF HARWOOD HEIGHTS, ILLINOIS
TABLE OF CONTENTS
APRIL 30, 2024

PAGE

INTRODUCTORY SECTION

Principal Officials	i
Organizational Chart	ii

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	1
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	4
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	6
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of the Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenses, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenses, and Changes in Fund Balances to the Statement of Activities	19
Statement of Net Position – Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Statement of Fiduciary Net Position	23
Statement of Changes in Fiduciary Net Position	24

VILLAGE OF HARWOOD HEIGHTS, ILLINOIS
TABLE OF CONTENTS
APRIL 30, 2024

	PAGE
BASIC FINANCIAL STATEMENTS (Continued)	
Notes to Financial Statements	25
REQUIRED SUPPLEMENTARY INFORMATION	
Illinois Municipal Retirement Fund – Schedule of Changes in the Employer’s Net Pension Liability and Related Ratios	55
Illinois Municipal Retirement Fund – Schedule of Employer Contribution	56
Police Pension Plan – Schedule of Changes in the Employer’s Net Pension Liability and Related Ratios	57
Police Pension Plan – Schedule of Employer Contribution	58
Other Post-Employment Benefit – Schedule of Changes in the Employer’s Total OPEB Liability and Related Ratios	59
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	60
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Motor Fuel Tax Fund	61
Notes to Required Supplementary Information	62
SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Obligation Bonds Fund	63
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Projects Fund	64
Combining Balance Sheet – Non-Major Governmental Funds	65
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds	66
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Criminal Investigation Fund	67
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – DUI Fund	68
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – SSA Debt Service Fund	69

VILLAGE OF HARWOOD HEIGHTS, ILLINOIS
TABLE OF CONTENTS
APRIL 30, 2024

	PAGE
SUPPLEMENTARY INFORMATION (Continued)	
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual – Enterprise Fund	70
OTHER SUPPLEMENTARY INFORMATION	
Changes in Fund Balance – Governmental Funds – Last Five Fiscal Years	71
Net Position (Deficit) by Component – Last Five Fiscal Years	72
ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION	
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance	73
Schedule of Expenditures of Federal Awards by Grant	76
Notes to the Schedule of Expenditures of Federal Awards	77
Schedule of Findings and Questioned Costs	78
Summary Schedule of Prior Audit Findings	81
Corrective Action Plan for Current Year Audit Findings	82

INTRODUCTORY SECTION

Village of Harwood Heights, Illinois

Principal Officials

Year Ended April 30, 2024

Arlene Jezierny, Mayor

Marcia Pollowy, Village Clerk

Mary Ventrella, Treasurer

Board of Trustees

Lawrence Steiner

Anna Wegrecki

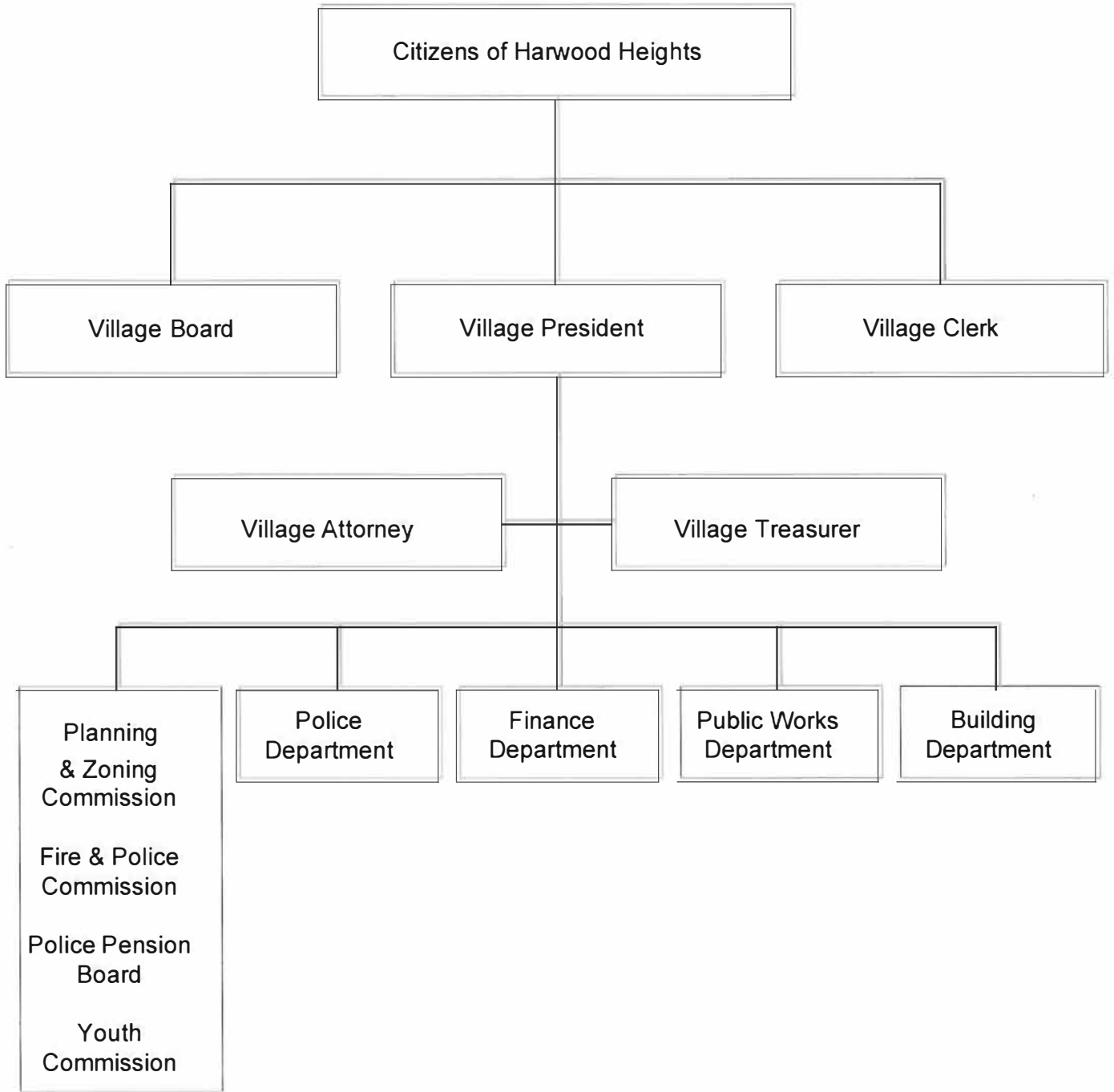
Giuseppe Zerillo

Zbigniew Lewandowski

Annette Volpe

Gene Brutto

Village of Harwood Heights Organization Chart



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of

Village of Harwood Heights

as of and for the year ended April 30, 2024, 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 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 Village as of April 30, 2024, and the respective changes in financial position and 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Village of Harwood Heights 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.

Change in Accounting Principle

As described in Note 21 to the financial statements, during the year, the Village implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

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.

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 one year after the date that 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 Village of Harwood Heights' 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 Village of Harwood Heights' 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed on the table of contents, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The supplementary information as listed in the table of contents and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

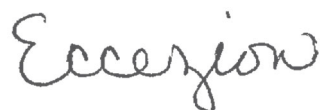
The information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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 supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and other supplementary information sections 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. 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2025 on our consideration of Village of Harwood Heights' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Harwood Heights' internal control over financial reporting and compliance.



Eccezion
Strategic Business Solutions

McHenry, Illinois
August 5, 2025



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Village of Harwood Heights, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of

Village of Harwood Heights

as of and for the year ended April 30, 2024, and the related notes to the financial statements, which collectively comprise Village of Harwood Heights' basic financial statements, and have issued our report thereon dated August 5, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of Harwood Heights' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village of Harwood Heights' internal control. Accordingly, we do not express an opinion on the effectiveness of Village of Harwood Heights' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

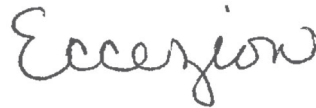
As part of obtaining reasonable assurance about whether Village of Harwood Heights' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2024-002.

Village of Harwood Heights' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village of Harwood Heights' response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Village of Harwood Heights' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Eccezion
Strategic Business Solutions

McHenry, Illinois
August 5, 2025

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF HARWOOD HEIGHTS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2024

As management of Village of Harwood Heights (Village), we offer readers of the Village's statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information found in the notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Both perspectives (government-wide and fund level financial statements) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Village's accountability.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private business.

The Statement of Net Position presents information on all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference amongst those being reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating when comparing year to year results.

The Statement of Activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, public works and economic development. The business-type activities of the Village include a water and sewer division.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains seven individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the major funds (General Fund, General Obligation Bonds Fund, Capital Projects Fund and Motor Fuel Tax Fund). Data from the non-major funds (Criminal Investigation Fund, DUI Fund, and Special Service Area Debt Service Fund) is combined into a single, aggregated presentation.

Proprietary Funds. The Village maintains one proprietary fund type: enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses an enterprise fund to account for the Water and Sewer division.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer functions.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Village has only one fiduciary fund: the Police Pension Trust Fund.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's appropriation to actual for the General Fund and the Motor Fuel Tax Fund, along with information concerning the Village's Illinois Municipal Retirement Fund, Police Pension Plan and Other Post-Employment Benefit Plan.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$6,729,121 at April 30, 2024.

The following table presents a summary of the Village's net position for the years ended April 30, 2024 and 2023:

Village of Harwood Heights' Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	4/30/2024	4/30/2023	4/30/2024	4/30/2023	4/30/2024	4/30/2023
Assets						
Current and Other Assets	\$ 17,947,415	\$ 17,717,003	\$ 1,740,261	\$ 1,306,161	\$ 19,687,676	\$ 19,023,164
Capital Assets	20,311,812	16,496,837	6,516,720	6,619,282	26,828,532	23,116,119
Total Assets	\$ 38,259,227	\$ 34,213,840	\$ 8,256,981	\$ 7,925,443	\$ 46,516,208	\$ 42,139,283
Deferred Outflows of Resources	\$ 3,642,186	\$ 5,711,314	\$ 162,982	\$ 212,650	\$ 3,805,168	\$ 5,923,964
Liabilities						
Long-Term Liabilities Outstanding	\$ 14,697,512	\$ 16,218,648	\$ 2,305,862	\$ 2,466,396	\$ 17,003,374	\$ 18,685,044
Net Pension Liability - Police	19,255,701	19,944,849	-	-	19,255,701	19,944,849
Net OPEB Liability	2,199,239	2,074,279	45,914	205,148	2,245,153	2,279,427
Net Pension Liability - IMRF	65,010	387,231	20,621	115,666	85,631	502,897
Other Liabilities	2,056,611	1,785,715	423,026	179,828	2,479,637	1,965,543
Total Liabilities	\$ 38,274,073	\$ 40,410,722	\$ 2,795,423	\$ 2,967,038	\$ 41,069,496	\$ 43,377,760
Deferred Inflows of Resources	\$ 2,514,306	\$ 2,139,765	\$ 8,453	\$ 20,596	\$ 2,522,759	\$ 2,160,361
Net Position						
Net Investment in Capital						
Assets	\$ 15,991,303	\$ 12,625,494	\$ 4,210,858	\$ 4,216,404	\$ 20,202,161	\$ 16,841,898
Restricted	1,658,755	9,653,509	-	-	1,658,755	9,653,509
Unrestricted	(16,537,024)	(24,904,336)	1,405,229	934,055	(15,131,795)	(23,970,281)
Total Net Position	\$ 1,113,034	\$ (2,625,333)	\$ 5,616,087	\$ 5,150,459	\$ 6,729,121	\$ 2,525,126

By far, the largest portion of the Village's net position, 300.2%, reflects its investment in capital assets (e.g., land, construction in progress, buildings, and equipment); less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net position, 24.7%, represents resources that are subject to external restrictions on how they may be used (e.g. debt service, highways and streets, etc.). The remaining balance of unrestricted net position was a deficit of \$15,131,795.

The Village's net position increased by \$4,203,995 during the current fiscal year, which includes a net position adjustment of \$374,882.

Village of Harwood Heights' Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023
Revenues						
Program Revenues						
Charges for Services	\$ 1,779,810	\$ 1,624,355	\$ 2,807,281	\$ 2,764,999	\$ 4,587,091	\$ 4,389,354
Operating Grants and Contributions	492,172	149,750	-	-	492,172	149,750
Capital Grants and Contributions	4,085,656	-	-	-	4,085,656	-
General Revenues						
Taxes	2,351,392	5,898,554	-	-	2,351,392	5,898,554
Intergovernmental	7,519,771	3,691,210	-	-	7,519,771	3,691,210
Investment Income	690,548	435,030	7,638	90	698,186	435,120
Miscellaneous	167,611	135,959	48,467	39,397	216,078	175,356
Total Revenues	<u>\$ 17,086,960</u>	<u>\$ 11,934,858</u>	<u>\$ 2,863,386</u>	<u>\$ 2,804,486</u>	<u>\$ 19,950,346</u>	<u>\$ 14,739,344</u>
Expenses						
General Government	\$ 1,916,987	\$ 2,877,397	\$ -	\$ -	\$ 1,916,987	\$ 2,877,397
Public Safety	8,663,153	7,630,508	-	-	8,663,153	7,630,508
Public Works	2,049,033	1,929,122	-	-	2,049,033	1,929,122
Economic Development	321,246	-	-	-	321,246	-
Interest and Fees	374,071	383,403	-	-	374,071	383,403
Water and Sewer	-	-	2,796,743	2,637,530	2,796,743	2,637,530
Total Expenses	<u>\$ 13,324,490</u>	<u>\$ 12,820,430</u>	<u>\$ 2,796,743</u>	<u>\$ 2,637,530</u>	<u>\$ 16,121,233</u>	<u>\$ 15,457,960</u>
Increase/(Decrease) in Net Position Before Transfers	\$ 3,762,470	\$ (885,572)	\$ 66,643	\$ 166,956	\$ 3,829,113	\$ (718,616)
Transfers	(205,667)	(205,667)	205,667	205,667	-	-
Increase/(Decrease) in Net Position	<u>\$ 3,556,803</u>	<u>\$ (1,091,239)</u>	<u>\$ 272,310</u>	<u>\$ 372,623</u>	<u>\$ 3,829,113</u>	<u>\$ (718,616)</u>
Net Position - Beginning of Year	(2,625,333)	(1,534,094)	5,150,459	4,777,836	2,525,126	3,243,742
Net Position Adjustment	181,564	-	193,318	-	374,882	-
Net Position - End of Year	<u>\$ 1,113,034</u>	<u>\$ (2,625,333)</u>	<u>\$ 5,616,087</u>	<u>\$ 5,150,459</u>	<u>\$ 6,729,121</u>	<u>\$ 2,525,126</u>

Governmental Activities. Governmental activities increased the Village's net position by \$3,738,367, including a net position adjustment of \$181,564.

Revenues for governmental activities increased by \$5,152,102, or 43.2%, in relation to the prior year. This was due mainly to capital grants and contributions received by the Village.

Expenses for governmental activities increased by \$663,273, or 4.3%, in relation to the prior year. This was due mainly to an increase in Public Safety expenses, offset by a decrease in General Government expenses.

Business-Type Activities. Business-type activities increased the Village's net position by \$465,628, including a net position adjustment of \$193,318.

Revenues of the business-type activities remained fairly consistent, increasing slightly by 2%, while expenses increased by 6% in relation to the prior year.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Village's net resources available for spending at the end of the fiscal year.

At April 30, 2024, the Village's governmental funds reported combined ending fund balances of \$14,770,387, a decrease of \$50,597 in comparison with the prior year, including a fund balance adjustment of \$(222,213). Approximately 38.9% of this total amount constitutes unassigned fund balance, which is available for spending at the Village's discretion. The remaining fund balance (61.1%) constitutes

fund balance that it is not available for new spending because it has already been restricted, assigned, or committed for specific purposes, or is nonspendable.

The General Fund is the chief operating fund of the Village. At April 30, 2024, the fund balance of the General Fund was \$13,700,820, of which \$6,341,307 is unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 57.78% of total General Fund expenditures.

The General Fund's fund balance increased by \$24,458 during the year, including a fund balance adjustment of \$(222,213). The activity in the General Fund included a transfer of \$728,360 to the Debt Services Fund for repayments of long-term debt. Revenues increased in the current year due to the Village receiving more in sales taxes, as well as an increase in licenses and permits and investment income. Expenditures decreased due to a decrease in Public Safety expenditures, partially offset by an increase in General Administration expenditures and Public Works expenditures.

The General Obligation Bonds Fund's fund balance decreased by \$65,500 during the year. Revenues increased compared to the prior year by \$240,404, as did transfers in by \$178,360. However, these increases were less than the amount spent on debt service payments and the amount transferred to the Water and Sewer Fund to cover IEPA debt service payments.

The Capital Projects Fund's fund balance decreased by \$447,027 during the year, reporting an ending fund balance/deficit of \$459,304. This is due to revenue from grants being less than the amount spent on the related capital outlay projects during the year.

The Motor Fuel Tax Fund's fund balance increased by \$430,649. The increase is due to revenues exceeding expenditures incurred in the current year. Both revenue and expenditures decreased compared to the prior year, with the net change being fairly consistent with the prior year change.

The fund balance of other non-major governmental funds collectively increased by \$6,823. Property tax revenue decreased compared to the prior year, while expenditures were similar to the prior year.

Proprietary Funds. The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Fiduciary Funds (Police Pension). At April 30, 2024, the Police Pension Fund's net position amounted to \$24,189,450. This was an increase of \$1,861,080 from the prior year. Additions exceeded deductions during the year, with contribution income and investment income increasing compared to the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village amended their budget during the year ended April 30, 2024. Significant differences between the original budget and final budget are summarized as follows:

- Home Rule Sales Tax revenue increased by \$200,000 on the final budget
- Sales Tax increased by \$140,000 on the final budget
- Income Tax increased by \$184,000 on the final budget
- Video Gaming revenue increased by \$184,000 on the final budget
- Interest Income increased by \$210,000 on the final budget
- Police Pension expense decreased by \$1,000,000 on the final budget

The General Fund actual revenue was less than budgeted revenue by \$15,367. There was no one specific item that caused this as all revenues were close in range to budgeted amounts.

The General Fund actual expenditures were more than budgeted expenditures by \$34,815. The most significant variance was related to Police Department expenditures, where actual amounts were higher than budgeted amounts. All other actual amounts were fairly close to budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Village’s investment in capital assets for its governmental and business-type activities as of April 30, 2024 amounts to \$26,828,532 (net of accumulated depreciation), an increase of \$3,712,413 from the prior year. This investment includes land, construction in progress, buildings, machinery and equipment, land improvements and infrastructure.

Village of Harwood Heights's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	4/30/2024	4/30/2023	4/30/2024	4/30/2023	4/30/2024	4/30/2023
Land	\$ 629,428	\$ 629,428	\$ -	\$ -	\$ 629,428	\$ 629,428
Construction in Progress	4,860,394	362,461	-	88,150	4,860,394	450,611
Buildings	5,659,588	5,935,478	-	-	5,659,588	5,935,478
Machinery and Equipment	544,091	526,578	-	182,705	544,091	709,283
Land Improvements	-	-	-	-	-	-
Infrastructure	8,618,311	9,042,892	-	6,348,427	8,618,311	15,391,319
Total	\$ 20,311,812	\$ 16,496,837	\$ -	\$ 6,619,282	\$ 20,311,812	\$ 23,116,119

Major capital asset events during the year ended April 30, 2024 included the following:

- Construction in progress related to the Oriole Flood Storage Facility in the amount of \$3,034,944
- Construction in progress related to the Village Hall renovation in the amount of \$1,438,554
- Purchase of Axon body cameras in the amount of \$180,213

For further information, please see Note 3 of this report.

Long-Term Debt. At April 30, 2024, the Village had total outstanding debt of \$17,003,374, a decrease of \$1,520,363 from the prior year. The decrease is due to scheduled principal retirement payments. The following is a comparative statement of outstanding debt:

Village of Harwood Height's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	4/30/2024	4/30/2023	4/30/2024	4/30/2023	4/30/2024	4/30/2023
General Obligation Bonds	\$ 13,560,000	\$ 14,315,000	\$ -	\$ -	\$ 13,560,000	\$ 14,315,000
Unamortized Bond Premium/Discount	103,053	116,768	-	-	103,053	116,768
Notes Payable	132,219	264,438	2,305,862	2,466,396	2,438,081	2,730,834
Compensated Absences	854,990	1,282,024	-	-	854,990	1,282,024
Finance Purchase Agreements	47,250	63,000	-	-	47,250	63,000
Right-to-Use Lease	-	16,111	-	-	-	16,111
Total	\$ 14,697,512	\$ 16,057,341	\$ 2,305,862	\$ 2,466,396	\$ 17,003,374	\$ 18,523,737

In its most recent rating, Standard and Poor’s Rating Services affirmed an A+ credit rating for the Village’s general obligation bonds. The general obligation bonds amount of \$13,560,000 is backed by the full faith and credit of the Village government.

As a home-rule governmental entity, the Village is not subject to any debt limitation.

Additional information on the Village’s long-term debt can be found in Note 4 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Annually the Village Board reviews and adopts the Village of Harwood Heights Financial Plan that describes the Village’s approach to financial forecasting, budgeting and financial management.

The Village's elected and appointed officials consider numerous factors in setting revenue and expenditure levels for each fiscal year. For revenues these include estimated General Fund revenue based primarily on the previously adopted tax levy, assumptions on revenue distributions from the State of Illinois and typical utility tax revenue. Multi-year rate plans for its business type activates are considered. Expense considerations included forecasted personnel cost, contracted service costs, pass-thru cost from the City of Chicago for the purchase of water and sewer fees, increase in commodities and current & future debt payments used to fund large capital projects.

Revenue

The fiscal year 2024 budget included property tax total revenues at a level less than what would have been allowed under the truth in taxation law. The village property tax collections for police pension purposes were greater than the Village's independent actuary's recommendation, reflecting the Village's commitment to funding the Police Pension to 90% by the year 2040. The Village Police Pension fund is currently funded a 52.86% which is funded at levels similar to its local neighbors.

Property tax revenues are a fairly stable source of revenue. In fiscal year 2024 they were levied at \$2,385,221 to pay for operating cost as well as past bond issues. In fiscal year 2023 property taxes were levied at \$2,272,721 which is \$112,500 more than the prior year due to the increase demand in Police Pension Fund actuarially required contributions.

Like other municipalities, some of the Village's revenues come from economically sensitive sources, such as income tax/use tax/sales tax/building permits/real estate transfer tax, can be adversely impacted by an economic downturn.

Some of the above revenue sources are from distributions from the State of Illinois (income/use/sales). In addition to impacts from economic conditions, State of Illinois decisions on the distributions can impact budget decision-making and financial forecasting. As an example, the budget for FY 2024 estimated income tax levels at 75% of estimates from the Illinois Municipal League. Actual numbers came in 15% higher than initial estimates.

Economic conditions can impact revenues and costs that village must take into consideration. Like in the past, to protect the Village's ability to deliver vital public services the budget aims to reduce the dependency of revenue that are subject to an economic downturn or are unpredictable (real estate transfer tax). The above mentioned revenues are 51% of 2025 budgets General Fund revenues.

The Village's only enterprise fund (Water & Sewer Fund) currently charges just enough to cover operating expenses. Property taxes are levied in order to pay off IEPA loans for past projects. As long-term capital planning continues, the need for large investments in Water & Sewer will continue to rise. Staff and the Village Board will continue to monitor the costs of the fund and adopt rates that will pay for operating cost as well as future needed capital needs.

Expenses

Over many years the Village has worked to keep operating cost less than the rate of inflation. The Village has maintained cost control by employing conservative fiscal policies, including the following:

- Operating process evaluations
- Re-engineering of operational processes
- Contracting services to private firms
- Intergovernmental service delivery agreements
- Technology improvements
- Local not-for-profit relationships for some services

In 2019, the Village of Harwood Heights General Fund operating expenditures were \$8,850,950 and have increased to \$10,558,679, which results in a 19% increase in the last five years. Though 19% seems like

a large increase, it is in line with the local, state and national inflation increases. Since 2019 the Village has added services in order to improve the life of its residents such as increase youth programs and the opening of the Village of Harwood Heights Community Center. Public Safety cost include to rise due to increased pension contributions and COLA raises.

FY 2025 overall budgeted General Fund expenditures are expected to rise \$115,531 or 1.05% from 2024 actual numbers. A decrease of a few hundred thousand dollars in capital outlay for equipment are offset with increases in COLA pay for employees.

FY 2025 overall governmental expenditures are budgeted to be \$18,248,469, which is \$1,554,977 or 9.31% higher than 2024. The bulk of the increased spending is due to increased projects within the Capital Projects Fund. The Capital Projects Fund is budgeted to have \$5,911,576 in projects for FY 2025. Major projects for FY 2025 include the completion of an underground storm sewer project on Oriole, the 2025 "O" street resurfacing project as well as resurfacing of streets on Ainslie within the 7400 & 7500 blocks. These projects are mostly funded grants from Illinois Department of Commerce & Opportunity and Illinois Emergency Management.

FY 2025 budgeted spending within the Water & Sewer Fund (Village's only Enterprise Fund) is consistent with the prior years. Small increase is mainly due to COLA raises for employees, 3.37% increase in cost of water & sewer services from the City of Chicago and increased cost of non-capitalized engineering expenses with associated repairs.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's finances. If you have questions concerning any of the information provided in this report or requests for additional financial information, please contact the Village at the following address:

Village of Harwood Heights
Finance Department
7300 West Wilson Ave
Harwood Heights, IL 60706

BASIC FINANCIAL STATEMENTS

VILLAGE OF HARWOOD HEIGHTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
APRIL 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 12,634,476	\$ 820,222	\$ 13,454,698
Receivables (Net of Allowance for Estimated Uncollectible Amounts)			
Property Taxes	1,186,062	-	1,186,062
Intergovernmental	3,591,329	-	3,591,329
Other Receivables	126,575	365,365	491,940
Due from Other Funds	(205,667)	205,667	-
Prepaid Items	17,338	71,075	88,413
Right-to-Use Lease Receivable	597,302	277,932	875,234
Capital/Lease Assets			
Land, Construction in Progress, and Other Non-Depreciable Assets	5,489,822	166,150	5,655,972
Other Capital Assets, Net of Depreciation	14,821,990	6,350,570	21,172,560
TOTAL ASSETS	\$ 38,259,227	\$ 8,256,981	\$ 46,516,208
DEFERRED OUTFLOWS OF RESOURCES			
Pension Expense/Revenue - IMRF	\$ 516,110	\$ 162,982	\$ 679,092
Pension Expense/Revenue - Police Pension	3,126,076	-	3,126,076
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 3,642,186	\$ 162,982	\$ 3,805,168
LIABILITIES			
Accounts Payable	\$ 840,152	\$ 173,815	\$ 1,013,967
Accrued Payroll	16,844	-	16,844
Accrued Interest	156,201	9,042	165,243
Due to Fiduciary Fund	100,375	-	100,375
Deposits Payable	246,164	-	246,164
Pledged Sales Tax Payable	43,544	-	43,544
Unearned Revenue	653,331	240,169	893,500
Non-Current Liabilities			
Due Within One Year			
Bonds and Notes Payable	950,934	163,534	1,114,468
Finance Purchase Agreement	15,750	-	15,750
Total Other Postemployment Benefits Liability - IMRF	5,039	1,830	6,869
Total Other Postemployment Benefits Liability - Police	82,624	-	82,624
Due in More Than One Year			
Compensated Absences	854,990	-	854,990
Bonds and Notes Payable	12,844,338	2,142,328	14,986,666
Finance Purchase Agreement	31,500	-	31,500
Total Other Postemployment Benefits Liability - IMRF	121,368	44,084	165,452
Total Other Postemployment Benefits Liability - Police	1,990,208	-	1,990,208
Net Pension Liability - Police	19,255,701	-	19,255,701
Net Pension Liability - IMRF	65,010	20,621	85,631
TOTAL LIABILITIES	\$ 38,274,073	\$ 2,795,423	\$ 41,069,496
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 1,186,062	\$ -	\$ 1,186,062
Pension Expense/Revenue - IMRF	26,768	8,453	35,221
Pension Expense/Revenue - Police Pension	1,301,476	-	1,301,476
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 2,514,306	\$ 8,453	\$ 2,522,759
NET POSITION			
Net Investment in Capital Assets	\$ 15,991,303	\$ 4,210,858	\$ 20,202,161
Restricted for:			
Special Revenue Fund	24,031	-	24,031
Debt Service	178,015	-	178,015
Highways and Streets	1,456,709	-	1,456,709
Unrestricted/(Deficit)	(16,537,024)	1,405,229	(15,131,795)
TOTAL NET POSITION	\$ 1,113,034	\$ 5,616,087	\$ 6,729,121

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF HARWOOD HEIGHTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 1,916,987	\$ 773,330	\$ -	\$ -	\$ (1,143,657)	\$ -	\$ (1,143,657)
Public Safety	8,663,153	670,180	94,039	-	(7,898,934)	-	(7,898,934)
Public Works	2,049,033	336,300	398,133	4,085,656	2,771,056	-	2,771,056
Economic Development	321,246	-	-	-	(321,246)	-	(321,246)
Interest and Fees on Long-Term Debt	374,071	-	-	-	(374,071)	-	(374,071)
	<u>\$ 13,324,490</u>	<u>\$ 1,779,810</u>	<u>\$ 492,172</u>	<u>\$ 4,085,656</u>	<u>\$ (6,966,852)</u>	<u>\$ -</u>	<u>\$ (6,966,852)</u>
Business-Type Activities							
Water and Sewer	\$ 2,796,743	\$ 2,807,281	\$ -	\$ -	\$ -	\$ 10,538	\$ 10,538
	<u>\$ 2,796,743</u>	<u>\$ 2,807,281</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,538</u>	<u>\$ 10,538</u>
Total Primary Government	<u>\$ 16,121,233</u>	<u>\$ 4,587,091</u>	<u>\$ 492,172</u>	<u>\$ 4,085,656</u>	<u>\$ (6,966,852)</u>	<u>\$ 10,538</u>	<u>\$ (6,956,314)</u>
General Revenues							
Taxes							
Property Tax					\$ 2,351,392	\$ -	\$ 2,351,392
Intergovernmental							
State Sales Tax					2,249,882	-	2,249,882
State Use Tax					344,754	-	344,754
State Income Tax					1,484,073	-	1,484,073
Other Taxes					3,441,062	-	3,441,062
Investment Income					690,548	7,638	698,186
Miscellaneous					167,611	48,467	216,078
Transfers					(205,667)	205,667	-
Total General Revenues and Transfers					<u>\$ 10,523,655</u>	<u>\$ 261,772</u>	<u>\$ 10,785,427</u>
Change in Net Position					\$ 3,556,803	\$ 272,310	\$ 3,829,113
Net Position - May 1, 2023					(2,625,333)	5,150,459	2,525,126
Net Position Adjustment					<u>181,564</u>	<u>193,318</u>	<u>374,882</u>
Net Position - April 30, 2024					<u>\$ 1,113,034</u>	<u>\$ 5,616,087</u>	<u>\$ 6,729,121</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF HARWOOD HEIGHTS
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 APRIL 30, 2024

	General Fund	General Obligation Bonds Fund	Capital Projects Fund	Motor Fuel Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	\$ 10,302,778	\$ 522,693	\$ 102,632	\$ 1,427,330	\$ 279,043	\$ 12,634,476
Receivables (Net of Allowance for Uncollectible Accounts)						
Property Taxes	1,186,062	-	-	-	-	1,186,062
Intergovernmental	799,964	-	2,758,762	32,603	-	3,591,329
Other	126,575	-	-	-	-	126,575
Prepays	17,338	-	-	-	-	17,338
Due from Other Funds	3,194,496	-	-	-	-	3,194,496
TOTAL ASSETS	\$ 15,627,213	\$ 522,693	\$ 2,861,394	\$ 1,459,933	\$ 279,043	\$ 20,750,276
LIABILITIES						
Accounts Payable	\$ 186,819	\$ -	\$ 650,109	\$ 3,224	\$ -	\$ 840,152
Accrued payroll liabilities	16,844	-	-	-	-	16,844
Deposits Payable	246,164	-	-	-	-	246,164
Pledged sales tax payable	43,544	-	-	-	-	43,544
Due to other funds	100,375	344,678	2,670,589	-	384,896	3,500,538
Unearned Revenue	146,585	-	-	-	-	146,585
TOTAL LIABILITIES	\$ 740,331	\$ 344,678	\$ 3,320,698	\$ 3,224	\$ 384,896	\$ 4,793,827
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	\$ 1,186,062	\$ -	\$ -	\$ -	\$ -	\$ 1,186,062
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 1,186,062	\$ -	\$ -	\$ -	\$ -	\$ 1,186,062
FUND BALANCES						
Nonspendable						
Prepays	\$ 17,338	\$ -	\$ -	\$ -	\$ -	\$ 17,338
Restricted for:						
Public Safety	-	-	-	-	24,031	24,031
Debt Service	-	178,015	-	-	-	178,015
Highways and Streets	-	-	-	1,456,709	-	1,456,709
Committed for:						
Unspent Bond Proceeds - Police Pension	7,335,254	-	-	-	-	7,335,254
Assigned for:						
Public Works - Special Service Areas	6,921	-	-	-	-	6,921
Unassigned	6,341,307	-	(459,304)	-	(129,884)	5,752,119
TOTAL FUND BALANCES	\$ 13,700,820	\$ 178,015	\$ (459,304)	\$ 1,456,709	\$ (105,853)	\$ 14,770,387
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 15,627,213	\$ 522,693	\$ 2,861,394	\$ 1,459,933	\$ 279,043	\$ 20,750,276

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF HARWOOD HEIGHTS
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
 APRIL 30, 2024

Total Fund Balances - Governmental Funds		\$ 14,770,387
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Capital Assets, net of accumulated depreciation		20,311,812
<p>Right-to-Use lease amounts as lessor used in governmental activities are not current financial resources and therefore are not reported in the funds</p>		
Right-to-Use Lease Receivable	\$ 597,302	
Right-to-Use Lease Deferred Revenue	<u>(506,746)</u>	
		90,556
<p>Deferred charges and credits for debt issue discounts or premiums and other debt issue costs are not financial resources and therefore are not reported in the funds.</p>		
Bond Discount, Net of Related Amortization	\$ 42,878	
Bond Premiums, Net of Related Amortization	<u>(145,931)</u>	
		(103,053)
<p>Some assets/(liabilities) are not available/due and payable in the current period and therefore are not reported in the funds.</p>		
Bonds and Notes Payable	\$ (13,692,219)	
Finance Purchase Agreement	(47,250)	
Accrued Interest on Long-Term Debt	(156,201)	
Compensated Absences	(854,990)	
Total OPEB Liability - IMRF	(126,407)	
Total OPEB Liability - Police	(2,072,832)	
Net Pension Liability - IMRF	(65,010)	
Net Pension Liability - Police	<u>(19,255,701)</u>	
		(36,270,610)
<p>Deferred pension/OPEB inflows/outflows costs in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Pension Deferred Outflows - IMRF	\$ 516,110	
Pension Deferred Outflows - Police	3,126,076	
Pension Deferred Inflows - IMRF	(26,768)	
Pension Deferred Inflows - Police	<u>(1,301,476)</u>	
		<u>2,313,942</u>
Net Position of Governmental Activities		<u>\$ 1,113,034</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF HARWOOD HEIGHTS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED APRIL 30, 2024

	General Fund	General Obligation Bonds Fund	Capital Projects Fund	Motor Fuel Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property Tax	\$ 1,791,502	\$ 555,280	\$ -	\$ -	\$ 4,610	\$ 2,351,392
Other Taxes	3,315,772	-	-	-	-	3,315,772
Intergovernmental						
Sales Tax	2,249,882	-	-	-	-	2,249,882
Income Tax	1,484,073	-	-	-	-	1,484,073
Motor Fuel Tax	105,494	-	-	398,133	-	503,627
Use Tax	344,754	-	-	-	-	344,754
Rent	31,395	-	-	-	-	31,395
Other Taxes	19,796	-	-	-	-	19,796
Grants	75,076	-	4,085,656	18,963	-	4,179,695
Other Local Sources						
Licenses and Permits	683,669	-	-	-	-	683,669
Fines and Forfeitures	667,056	-	-	-	-	667,056
Charges for Services	381,505	-	-	-	-	381,505
Interest	631,942	-	-	56,275	2,331	690,548
Miscellaneous						
Special Events Revenue	51,810	-	-	-	-	51,810
Reimbursements	46,898	-	-	-	-	46,898
Other Miscellaneous	68,903	-	-	-	-	68,903
Total Revenues	\$ 11,949,527	\$ 555,280	\$ 4,085,656	\$ 473,371	\$ 6,941	\$ 17,070,775
EXPENDITURES						
Current						
General Government	\$ 1,832,539	\$ -	\$ -	\$ -	\$ 118	\$ 1,832,657
Public Safety	6,887,723	-	-	42,722	-	6,930,445
Public Works	1,517,171	-	-	-	-	1,517,171
Economic Development	321,246	-	-	-	-	321,246
Capital Outlay						
General Government	17,041	-	1,438,554	-	-	1,455,595
Public Safety	212,923	-	-	-	-	212,923
Public Works	17,353	-	3,094,129	-	-	3,111,482
Debt Service						
Principal	164,081	755,000	-	-	-	919,081
Interest and Fees	4,419	388,473	-	-	-	392,892
	\$ 10,974,496	\$ 1,143,473	\$ 4,532,683	\$ 42,722	\$ 118	\$ 16,693,492
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 975,031	\$ (588,193)	\$ (447,027)	\$ 430,649	\$ 6,823	\$ 377,283
OTHER FINANCING SOURCES/(USES)						
Transfers	(728,360)	522,693	-	-	-	(205,667)
NET CHANGE IN FUND BALANCES	\$ 246,671	\$ (65,500)	\$ (447,027)	\$ 430,649	\$ 6,823	\$ 171,616
FUND BALANCES - MAY 1, 2023	13,676,362	243,515	(12,277)	1,026,060	(112,676)	14,820,984
FUND BALANCE ADJUSTMENT (Note 22)	(222,213)	-	-	-	-	(222,213)
FUND BALANCES - APRIL 30, 2024	\$ 13,700,820	\$ 178,015	\$ (459,304)	\$ 1,456,709	\$ (105,853)	\$ 14,770,387

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF HARWOOD HEIGHTS
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED APRIL 30, 2024

Net Change in Fund Balances - Total Governmental Funds \$ 171,616

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Depreciation Expense	\$ (888,394)	
Capital Outlays	<u>4,703,369</u>	3,814,975

Some revenue/expenses reported in the Statement of Activities do not provide/use current financial resources and therefore are not reported as revenues/expenditures in the governmental funds.

Accrued Interest on Long-Term Debt	\$ 5,106	
Right-to-Use Lease Revenue	25,128	
Bond Discount - Amortization	(2,586)	
Bond Premium - Amortization	16,301	
OPEB Revenue/(Expense) - IMRF	(3,730)	
OPEB Revenue/(Expense) - Police	(42,896)	
Pension Revenue/(Expense) - IMRF	107,273	
Pension Expense - Police Pension	(3,063,027)	
Compensated Absences	<u>(60,905)</u>	(3,019,336)

Employer Pension and OPEB Contributions are expensed in the fund financial statements but are treated as a reduction in the Net Pension Liability on the government-wide financial statements.

OPEB Contributions - IMRF	\$ 6,416	
OPEB Contributions - Police	73,783	
Pension Employer Contributions - IMRF	61,326	
Pension Employer Contributions - Police Pension	<u>1,537,886</u>	1,679,411

Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but the repayment reduces long-term liabilities in the Statement of Net Position and is therefore not reported in the Statement of Activities.

Repayment of General Obligation Bonds	\$ 755,000	
Repayment of Finance Purchase Agreements	31,861	
Repayment of Notes Payable	<u>132,219</u>	919,080

Repayment of lease payments as a lessor, related to right-to-use leases, increases financial resources in the governmental funds, however, the principal amounts received reduce the lease receivable in the Statement of Net Position and is therefore not reported in the Statement of Activities

Right-to-Use Principal Lease Receipts		<u>(8,943)</u>
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Change in Net Position of Governmental Activities \$ 3,556,803

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF HARWOOD HEIGHTS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 APRIL 30, 2024

	Business Type Activities - Enterprise Fund Water and Sewer
ASSETS	
Current Assets	
Cash and Investments	\$ 820,222
Receivables (Net of Allowance of \$9,368)	
Accounts Receivable - Billed	310,071
Accounts Receivable - Unbilled	55,294
Lease Receivable - Current	35,130
Prepaid Items	71,075
Total Current Assets	\$ 1,291,792
Non-Current Assets	
Receivables (Net of Allowance of \$0)	
Lease Receivable - Net of Current Portion Shown Above	\$ 242,802
Capital Assets	
Construction in Progress	166,150
Other Capital Assets, Net	6,350,570
Due from Other Funds	205,667
Total Non-Current Assets	\$ 6,965,189
TOTAL ASSETS	\$ 8,256,981
 DEFERRED OUTFLOWS OF RESOURCES	
Pension Expense/Revenue - IMRF	\$ 162,982
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 162,982
 LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 173,815
Accrued Interest	9,042
Unearned Revenue - Current	36,025
Total OPEB Liability - Current	1,830
IEPA Loans Payable - Current	163,534
Total Current Liabilities	\$ 384,246
Non-Current Liabilities	
Unearned Revenue - Net of Current Portion Shown Above	\$ 204,144
Net Pension Liability - IMRF	20,621
Total OPEB Liability - Net of Current Portion Shown Above	44,084
IEPA Loans Payable - Net of Current Portion Shown Above	2,142,328
Total Non-Current Liabilities	\$ 2,411,177
TOTAL LIABILITIES	\$ 2,795,423
 DEFERRED INFLOWS OF RESOURCES	
Pension Expense/Revenue - IMRF	\$ 8,453
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 8,453
 NET POSITION	
Net Investment in Capital Assets	\$ 4,210,858
Unrestricted/(Deficit)	1,405,229
TOTAL NET POSITION	\$ 5,616,087

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF HARWOOD HEIGHTS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED APRIL 30, 2024

	Business Type Activities - <u>Enterprise Fund</u> <u>Water and Sewer</u>
OPERATING REVENUES	
Charges for Services	\$ 2,747,580
Penalties	59,701
	<u>\$ 2,807,281</u>
OPERATING EXPENSES	
Operations	\$ 2,541,076
Depreciation	198,012
Capital Projects Not Capitalized	13,166
	<u>\$ 2,752,254</u>
OPERATING INCOME/(LOSS)	<u>\$ 55,027</u>
NON-OPERATING REVENUE/(EXPENSE)	
Investment Income	\$ 7,638
Rental Income	36,025
Interest and Fees	(44,489)
Other Miscellaneous Income	12,442
	<u>\$ 11,616</u>
INCOME/(LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$ 66,643
TRANSFERS (TO)/FROM OTHER FUNDS	<u>205,667</u>
CHANGE IN NET POSITION	\$ 272,310
NET POSITION - MAY 1, 2023	5,150,459
NET POSITION ADJUSTMENT (NOTE 22)	<u>193,318</u>
NET POSITION - APRIL 30, 2024	<u><u>\$ 5,616,087</u></u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF HARWOOD HEIGHTS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED APRIL 30, 2024

	Business Type Activities - <u>Enterprise Fund</u> <u>Water and Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	\$ 2,826,258
Payments to Suppliers for Goods and Services	(2,114,328)
Payments to Employees for Services	(485,967)
Net Cash Provided/(Used) by Operating Activities	<u>\$ 225,963</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	\$ (95,450)
Interest Paid on Capital Debt	(45,132)
Principal Paid on Capital Debt	(160,534)
Other Receipt/(Payments)	40,579
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>\$ (260,537)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers (to)/from Other Funds	\$ 205,667
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>\$ 205,667</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Cash and Cash Equivalents and Investments	\$ 106
Net Cash Provided/(Used) by Investing Activities	<u>\$ 106</u>
NET INCREASE/(DECREASE) IN CASH AND INVESTMENTS	\$ 171,199
CASH AND INVESTMENTS BALANCE - MAY 1, 2023	<u>649,023</u>
CASH AND INVESTMENTS BALANCE - APRIL 30, 2024	<u><u>\$ 820,222</u></u>
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	
Operating Income/(Loss)	\$ 55,027
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation Expense	198,012
Change in assets, liabilities and deferred amounts:	
Receivables, net	18,977
Prepaid Expenses	(3,946)
Accounts Payable and Other Payables	16,114
Pension Liabilities	(95,045)
OPEB Liabilities	(701)
Deferred Pension Expenses/Revenues	37,525
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ 225,963</u></u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF HARWOOD HEIGHTS
POLICE PENSION TRUST FUND
STATEMENT OF FIDUCIARY NET POSITION
APRIL 30, 2024

ASSETS	
Cash and Cash Equivalents	\$ 30,014
Investments, at fair value	
Consolidated Funds - IPOPIF	24,039,392
Due from the Village	100,375
Prepaid Items	9,242
Other Current Assets	<u>11,439</u>
TOTAL ASSETS	<u>\$ 24,190,462</u>
LIABILITIES	
Accounts Payable	<u>\$ 1,012</u>
TOTAL LIABILITIES	<u>\$ 1,012</u>
NET POSITION RESTRICTED FOR PENSION	<u><u>\$ 24,189,450</u></u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF HARWOOD HEIGHTS
POLICE PENSION FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED APRIL 30, 2024

ADDITIONS	
Contributions	
Employer	\$ 1,638,261
Plan Members	292,367
Total Contributions	<u>\$ 1,930,628</u>
Investment Income	
Interest and Dividends	\$ 141,512
Net Increase/(Decrease) in Fair Value of Investments	1,838,478
	<u>\$ 1,979,990</u>
Less: Investment Management Fees	12,010
Net Investment Income	<u>\$ 1,967,980</u>
Other Revenue	<u>\$ 3,819</u>
TOTAL ADDITIONS	<u>\$ 3,902,427</u>
DEDUCTIONS	
Benefits	\$ 2,033,415
Administrative Expenses	37,932
TOTAL DEDUCTIONS	<u>\$ 2,071,347</u>
NET INCREASE/(DECREASE)	\$ 1,831,080
NET POSITION - MAY 1, 2023	<u>22,358,370</u>
NET POSITION - APRIL 30, 2024	<u><u>\$ 24,189,450</u></u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF HARWOOD HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Harwood Heights, Illinois (Village), was incorporated on November 25, 1947, in Cook County, Illinois and is governed by a Mayor and Board of six trustees. The Village's major operations include police protection, highway and street maintenance and reconstruction, sanitation, water and sewer services, health and social services, culture and recreation, public improvements, planning and zoning as well as general administrative services. The Village has adopted the provisions of a home-rule government body.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

A. Reporting Entity

The Village's financial reporting entity comprises the following:

Primary Government: Village of Harwood Heights

In determining the financial reporting entity, the Village complies with the provisions of GASB Statements and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statements, there are no component units included in the reporting entity.

Police Pension Employees Retirement System

The Village's sworn police officers participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's Mayor, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the Village, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's police employees. The PPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the PPERS.

B. Basic Financial Statements – Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund (reporting the Village's major funds) financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's general government, public safety and public works services are classified as governmental activities. The Village's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as

NOTES TO FINANCIAL STATEMENTS (Continued)

well as long-term debt/deferred inflows and obligations. The Village's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities. The functions are supported by general government revenues (property and utility taxes, intergovernmental revenues, unrestricted investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified. Interfund services provided and used are not eliminated in the process of consolidation.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, sales taxes, income taxes, unrestricted investment earnings, and other similar revenues).

The Village does not allocate indirect costs. Direct costs are allocated amongst Village departments based on the share of goods or services used by each department.

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

C. *Basic Financial Statements – Fund Financial Statements*

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, as major funds, which either had a specific community focus or debt outstanding (the Motor Fuel Tax Fund and the General Obligation Bonds Fund were added for this purpose). The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type; and
- Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The following fund types are used by the Village:

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Village reports these governmental funds and fund types:

NOTES TO FINANCIAL STATEMENTS (Continued)

General Fund – 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. The General Fund is a major fund.

Special Revenue Funds – The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village has three special revenue funds. The Motor Fuel Tax Fund, used to account for the maintenance and construction of streets and roads as approved by the Illinois Department of Transportation, is treated as a major fund due to public interest. The Criminal Investigation Fund, a non-major fund, is used to account for the use of resources specifically designated for police department investigations dealing with illegal drug and narcotics trafficking and has as main source of revenues from seized money and properties. The DUI Fund, a non-major fund, is used to account for enforcement and prevention of DUI, including the purchase of law enforcement equipment, police officer training and police officer salaries for DUI related activities.

Debt Service Funds – The Debt Service Funds are used to account for the accumulation of funds for the periodic payment of principal, interest, and related fees on long-term debt. The Village has two debt service funds. The General Obligation Bonds Fund, a major fund, is used to account for the Village's general long-term debt. The Special Service Area Debt Service Fund, a non-major fund, is used to account for special service area debt.

Capital Projects Fund – The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds) and the purchase of equipment. The Capital Projects Fund, a major fund, is used to account for all revenues and grants used to fund capital improvements and renovations to the Village's infrastructure and buildings.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

2. Proprietary Fund Types

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Village reports the following proprietary fund types:

Enterprise Funds – Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity: (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. The Village has one major enterprise fund. The Water and Sewer Fund is used to account 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 and maintenance, financing and related debt service, and billing and collection.

3. Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trust or custodial capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

Pension Trust Funds – Used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to be used for disability and retirement payments for sworn members of the Village's police force.

NOTES TO FINANCIAL STATEMENTS (Continued)

The Village's Fiduciary Fund is presented in the Fiduciary Fund financial statements as a pension trust. Since by definition these assets are being held for the benefit of a third party (pension participants and beneficiaries) and cannot be used to address activities or obligations of the Village, these funds are not incorporated into the government-wide statements.

D. *Measurement Focus*

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

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary, pension trust and custodial funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary, pension trust and custodial fund equity is classified as net position.

E. *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. *Accrual*

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred, or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

All proprietary, pension and custodial funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

2. *Modified Accrual*

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available". "Measurable" means knowing or being able to reasonably estimate the amount. "Available" means collectible within the current period or within sixty days after year-end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB

NOTES TO FINANCIAL STATEMENTS (Continued)

Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales taxes, licenses, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

F. *Cash and Cash Equivalents and Investments*

Cash and cash equivalents and investments on the Statement of Net Position are considered to be cash on hand, demand deposits, or cash with fiscal agent. For the purpose of the proprietary funds Statement of Cash Flows, cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, all highly liquid investments with an original maturity of three months or less, and investments intended to be part of the Village's cash management policy.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of April 30, 2024, there were no cash overdrafts in any Village fund.

G. *Receivables*

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, derived taxes (such as sales, income and motor fuel taxes), franchise taxes, and grants. Business-type activities report utility charges as their major receivables.

H. *Prepays*

Prepays are valued at cost, which approximates market. The cost of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements.

I. *Interfund Activity*

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

J. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$50,000 or more for infrastructure and \$5,000 or more for all other assets are reported at historical cost or estimated historical cost. Donated

NOTES TO FINANCIAL STATEMENTS (Continued)

capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as that used for the general capital assets.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings	50 years
Machinery and Equipment	3-20 years
Land Improvements	20-50 years
Infrastructure	20-60 years

K. *Deferred Outflows and Inflows of Resources*

In addition to assets and liabilities, the Balance Sheets and Statements of Net Position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resource until then. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resource until that time.

L. *Compensated Absences*

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. 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. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as "terminal leave" prior to retirement.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

M. *Long-Term Obligations*

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities and proprietary fund Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time of issuance.

In the fund financial statements, governmental funds 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 the actual debt proceeds received, are reported as debt service expenditures.

NOTES TO FINANCIAL STATEMENTS (Continued)

N. *Government-Wide and Proprietary Fund Net Position*

Government-wide and proprietary fund net position is divided into three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.
3. Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

O. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

1. Restricted – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
2. Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints of the Village Board. Board approval of a resolution is required to establish, modify, or rescind a fund balance commitment. Committed amounts cannot be used for any other purpose unless the Village Board removes those constraints by taking the same type of action (resolution). Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
3. Assigned – Assigned fund balances are amounts that are constrained by the Village's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by an appointed body (e.g., a budget or finance committee) or official to which the Board of Trustees has delegated the authority to assign, modify or rescind amounts to be used for specific purposes (Village President).

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the Village itself. All assigned fund balances are the residual amounts of the fund.

4. Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund. This classification is also used to represent negative fund balances in other funds.

The Village permits funds to be expended in the following order: Restricted, Committed, Assigned and Unassigned.

P. *Minimum Fund Balance Policy*

The Village's policy states that the General Funds should maintain a target level of 30% of annual budgeted operating expenditures. Operating expenditures does not include one-time capital equipment expenditures and transfer of funds. Balances in excess of 40% of annual budgeted expenditures may be transferred to the Capital Project Fund to support future capital projects. This reserve is intended to provide financial resources for the Village in the event of an emergency or due to the loss or reduction in a major revenue source and to provide adequate coverage for variations in cash flows due to the timing and receipts and disbursements.

Q. *Property Tax Calendar and Revenues*

The Village's property tax is levied each calendar year on all taxable real property located in the Village's district by December of the subsequent fiscal year. The 2023 levy was passed by the Board on December 14, 2023. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The Village receives significant distributions of tax receipts approximately one month after these dates.

R. *Lease and Subscription-Based Information Technology Agreements*

The Village recognizes a right-to-use liability and a right-to-use asset in the government-wide financial statements.

At the commencement of a lease or subscription-based IT agreement, the Village initially measures the right-to-use liability at the present value of payments expected to be made during the agreement term. Subsequently, the right-to-use liability is reduced by the principal portion payments made. The right-to-use asset is initially measured as the initial amount of the right-to-use liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the right-to-use asset is amortized on a straight-line basis over the term of the lease or subscription-based IT agreement. Key estimates and judgments related to leases include how the Village determines (1) the discount rate it uses to discount the expected payments to present value, (2) lease term, and (3) payments.

The Village uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Village uses its estimated incremental borrowing rate as the discount rate for leases or subscription-based IT agreements.

The agreement term includes the noncancellable period of the lease or subscription-based IT agreement. Payments included in the measurement of the right-to-use liability are composed of fixed payments and purchase option prices that the Village is reasonably certain to exercise.

The Village monitors changes in circumstances that would require a remeasurement of its lease or subscription-based IT agreement and will remeasure the right-to-use asset and liability if certain changes occur that are expected to significantly affect the amount of the right-to-use liability. Right-to-use assets are reported with Capital Assets and right-to-use liabilities are reported with Long-Term Liabilities on the Statement of Net Position.

The Village currently has no material agreements that fall under these types of agreements.

The Village is a lessor for a lease related to the use of a cell tower by a mobile phone carrier and the lease of office space. At the commencement of a lease, the Village initially measures the lease receivable at the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The unavailable lease revenue is initially measured as the initial amount of the lease receivable. Subsequently, the unavailable lease

NOTES TO FINANCIAL STATEMENTS (Continued)

revenue is recognized on a straight-line basis over the lease term. Key estimates and judgments related to leases include how the Village determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The Village monitors changes in circumstances that would require a remeasurement of its lease or subscription-based IT agreements and will remeasure the related assets and liabilities if certain changes occur that are expected to significantly affect these amounts.

S. *Defining Operating Revenues and Expenses*

The Village's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the Village's Water and Sewer Fund consist of charges for services (including tap fees for the water function and systems development charges for the sewer function) and the costs of providing those services, including depreciation and excluding interest cost. All other revenue and expenses are reported as nonoperating.

T. *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - DEPOSITS, INVESTMENTS, AND FAIR VALUE MEASUREMENTS

Deposits with Financial Institutions

The Village maintains a cash and investment pool that is available for use by all funds, except the pension trust fund. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments". The deposits and investments of the pension trust funds are held separately from those other funds.

Custodial Credit Risk. In the case of deposits, this 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 that all deposits with financial institutions are insured or collateralized with securities held by the Village's agent in the Village's name. Securities will be held by an independent third-party securities custodian designated by the Village. At year-end, the entire amount of bank balance deposits was covered by FDIC insurance or collateralized.

For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village's policy states that all investments are to be conducted on a Delivery vs Payment (DVP) basis. Securities will be held by a third-party securities custodian designated by the Village separate from where the investment was purchased.

Investments

The Village is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Act 235/Articles 2 and 6, and Chapter 40, Act 5/Article 3 – Pensions.

Police Pension

The Police Pension Fund holds all investments within the Illinois Police Officers' Pension Investment Fund (IPOPIF). 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 as defined in 40 ILCS 5/ 22B-105. Participation in IPOPIF

NOTES TO FINANCIAL STATEMENTS (Continued)

by Illinois suburban and downstate police pension funds is mandatory. 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 pertained exclusively to the Article 3 participating police pension funds.

As of April 30, 2024, the Village had the following investments, maturities and fair value measurements:

Types of investments	Credit Quality/Ratings	Segmented Time Distribution	Amount	Fair Value Measurement Using		Net Asset Value (NAV)
				Level 1	Level 2	
Village						
Debt Securities:						
Certificates of Deposit	Not Rated	less than 1 year	\$ 112,799	\$ -	\$ 112,799	\$ -
Illinois Funds Investment Pool	AAAm	less than 1 year	9,677,621	-	-	9,677,621
Total Village			<u>\$ 9,790,420</u>	<u>\$ -</u>	<u>\$ 112,799</u>	<u>\$ 9,677,621</u>
Police Pension						
IPOPIF Investment Pool	Not Rated	less than 1 year	\$ 24,039,392	\$ -	\$ -	\$ 24,039,392
Total Investments			<u>\$ 33,829,812</u>	<u>\$ -</u>	<u>\$ 112,799</u>	<u>\$ 33,717,013</u>

The Village and Police Pension Fund categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; debt securities and certificates of deposit classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices; Level 3 inputs are significant unobservable inputs.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities and certificates of deposit classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The investments in the Illinois Fund Investment Pool are measured at net asset value. Illinois Funds is not registered with the Securities and Exchange Commission (SEC) but operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

The Police Pension Fund held no investments subject to fair value measurement as of April 30, 2024.

The Police Pension Fund's pooled investment in IPOPIF, as noted in the table above, is valued at Net Asset Value per share. The pooled investments consist of the investments as noted in the target allocation table available at www.ipopif.org under Governing Documents, Policies, Investment Policy Statement. Investments in IPOPIF are valued at IPOPIF's share price, which is the amount it would cost to buy the shares in the investment pool.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment policy states that the Village will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The Village will invest operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and will limit the weighted average maturity of the portfolio to no more than two years and limit the maximum maturity of any investment to three years from the date of purchase, unless matched to a specific future cash flow need.

The investment portfolio will remain sufficiently liquid to enable the Village to meet all operating requirements that may be reasonably anticipated.

NOTES TO FINANCIAL STATEMENTS (Continued)

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village minimizes credit risk by limiting investments to the types of securities listed in the Investment Policy; pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Village will do business; and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village places no specific limit on the amount the Village may invest in any one issuer. There are currently no investments in any one organization that represent 5% or more of the Village's total investments.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2024 was as follows:

	Balance May 1, 2023	Increases	Decreases	Adjustment*	Balance April 30, 2024
Governmental Activities					
Capital Assets not being depreciated					
Land	\$ 629,428	\$ -	\$ -	\$ -	\$ 629,428
Construction in Progress	362,461	4,497,933	-	-	4,860,394
Total Capital Assets not being depreciated	\$ 991,889	\$ 4,497,933	\$ -	\$ -	\$ 5,489,822
Other Capital Assets					
Buildings	\$ 9,376,740	\$ -	\$ -	\$ -	\$ 9,376,740
Machinery and Equipment	3,540,005	205,436	84,397	206,395	3,867,439
Land Improvements	121,499	-	-	-	121,499
Infrastructure	16,362,390	-	-	-	16,362,390
Total Other Capital Assets at Historical Cost	\$ 29,400,634	\$ 205,436	\$ 84,397	\$ 206,395	\$ 29,728,068
Less Accumulated Depreciation for:					
Buildings	\$ 3,441,262	\$ 275,890	\$ -	\$ -	\$ 3,717,152
Machinery and Equipment	3,123,504	187,923	84,397	96,318	3,323,348
Land Improvements	121,499	-	-	-	121,499
Infrastructure	7,319,498	424,581	-	-	7,744,079
Total Accumulated Depreciation	\$ 14,005,763	\$ 888,394	\$ 84,397	\$ 96,318	\$ 14,906,078
Other Capital Assets, Net	\$ 15,394,871	\$ (682,958)	\$ -	\$ 110,077	\$ 14,821,990
Total Capital Assets, Net	\$ 16,386,760	\$ 3,814,975	\$ -	\$ 110,077	20,311,812
Total Lease Assets, Net	110,077	-	-	(110,077)	-
Governmental Activities Capital Assets, Net	\$ 16,496,837	\$ 3,814,975	\$ -	\$ -	\$ 20,311,812

*Adjustment to reclass capital items incorrectly reported as right-to-use assets in the prior year.

	Balance May 1, 2023	Increases	Decreases	Balance April 30, 2024
Business-Type Activities				
Capital Assets not being depreciated				
Construction in Progress	\$ 88,150	\$ 78,000	\$ -	\$ 166,150
Total Capital Assets not being depreciated	\$ 88,150	\$ 78,000	\$ -	\$ 166,150
Other Capital Assets				
Buildings	-	-	-	-
Machinery and Equipment	\$ 697,352	\$ -	\$ -	\$ 697,352
Land Improvements	34,700	17,450	-	52,150
Infrastructure	9,722,275	-	-	9,722,275
Total Other Capital Assets at Historical Cost	\$ 10,454,327	\$ 17,450	\$ -	10,471,777
Less Accumulated Depreciation for:				
Buildings	-	-	-	-
Machinery and Equipment	\$ 514,647	\$ 29,874	\$ -	\$ 544,521
Land Improvements	34,700	582	-	35,282
Infrastructure	3,373,848	167,556	-	3,541,404
Total Accumulated Depreciation	\$ 3,923,195	\$ 198,012	\$ -	4,121,207
Other Capital Assets, Net	\$ 6,531,132	\$ (180,562)	\$ -	\$ 6,350,570
Business-Type Activities Capital Assets, Net	\$ 6,619,282	\$ (102,562)	\$ -	\$ 6,516,720

Depreciation expense was charged to functions as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

Governmental Activities

General Government	\$ 243,023
Public Safety	158,067
Public Works	487,304
Total Governmental Activities Depreciation Expense	<u>\$ 888,394</u>

Business-Type Activities

Water and Sewer	<u>\$ 198,012</u>
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NOTE 4 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended April 30, 2024 was as follows:

	Balance May 1, 2023	Additions	Retirements	Adjustments*	Balance April 30, 2024	Amounts Due Within One Year
Governmental Activities						
Bonds and Notes Payable						
General Obligation Bonds	\$ 14,315,000	\$ -	\$ 755,000	\$ -	\$ 13,560,000	\$ 805,000
Unamortized Bond Premium	162,232	-	16,301	-	145,931	16,301
Unamortized Bond Discount	(45,464)	-	(2,586)	-	(42,878)	(2,586)
Notes Payable	264,438	-	132,219	\$ -	132,219	132,219
Total Bonds and Notes Payable	<u>\$ 14,696,206</u>	<u>\$ -</u>	<u>\$ 900,934</u>	<u>\$ -</u>	<u>\$ 13,795,272</u>	<u>\$ 950,934</u>
Other Long-Term Liabilities						
Compensated Absences	\$ 1,282,024	\$ 60,905	\$ -	\$ (487,939)	\$ 854,990	\$ 854,990
Finance Purchase Agreement	63,000	-	31,861	16,111	47,250	15,750
Right-to-Use Lease	16,111	-	-	(16,111)	-	-
Total Other Long-Term Liabilities	<u>\$ 1,361,135</u>	<u>\$ 60,905</u>	<u>\$ 31,861</u>	<u>\$ (487,939)</u>	<u>\$ 902,240</u>	<u>\$ 870,740</u>
Governmental Activities Long-Term Obligations	<u>\$ 16,057,341</u>	<u>\$ 60,905</u>	<u>\$ 932,795</u>	<u>\$ (487,939)</u>	<u>\$ 14,697,512</u>	<u>\$ 1,821,674</u>
Business-Type Activities						
Bonds and Notes Payable						
IEPA Loans Payable	\$ 2,466,396	\$ -	\$ 160,534	\$ -	\$ 2,305,862	\$ 163,534
Business-Type Activities Long-Term Obligations	<u>\$ 2,466,396</u>	<u>\$ -</u>	<u>\$ 160,534</u>	<u>\$ -</u>	<u>\$ 2,305,862</u>	<u>\$ 163,534</u>

*Adjustment to right-to-use lease it due to incorrect classification of a financed purchase (related to capital asset adjustment in Note 3). See Note 22 for compensated absences adjustment.

Bonds and notes payable consisted of the following at April 30, 2024:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Governmental Activities				
2015 General Obligation Bonds	12/1/2034	2.00 - 3.13%	\$ 4,100,000	\$ 1,230,000
2017 General Obligation Bonds	12/1/2032	3.00 - 4.00%	2,500,000	2,115,000
2022 General Obligation Bonds	12/1/2040	0.60 - 3.25%	11,170,000	10,215,000
IDOT Note Payable	5/15/2024	n/a	1,322,189	132,219
Total			<u>\$ 19,092,189</u>	<u>\$ 13,692,219</u>
Business-Type Activities				
2017 IEPA Loan (L17-2823)	12/24/2035	1.86%	\$ 1,433,739	\$ 805,485
2017 IEPA Loan (L17-5374)	3/11/2037	1.86%	2,529,693	1,500,377
Total			<u>\$ 3,963,432</u>	<u>\$ 2,305,862</u>

Finance purchase agreements consisted of the following at April 30, 2024:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Governmental Activities				
Axon Cameras	6/30/2026	n/a	\$ 84,150	\$ 47,250

NOTES TO FINANCIAL STATEMENTS (Continued)

As of April 30, 2023, the Village reported right-to-use assets, net of related accumulated amortization, in the amount of \$110,077, as well as the related right-to-use liability in the amount of \$16,111. These were classified incorrectly, since the village retained the asset at the end of the lease, making this lease a finance purchase agreement. In the current year, the Village paid off the lease, so no adjustment was needed to reclassify liabilities, however, the asset was reclassified as a capital asset and was included in Machinery and Equipment.

For the governmental activities, compensated absences are generally liquidated by the General Fund. Bonds payable are liquidated by the General Obligation Bonds Fund, while notes payable, finance purchase agreements are liquidated by the General Fund.

For the business-type activities, the Water and Sewer Fund makes payments on the compensated absences, and the IEPA loans payable.

At April 30, 2024 the annual debt service requirements to service all bonds and notes payable attributable to governmental activities are:

Year Ending April 30	Principal	Interest	Total
2025	\$ 937,219	\$ 374,879	\$ 1,312,098
2026	820,000	360,062	1,180,062
2027	840,000	340,984	1,180,984
2028	860,000	320,721	1,180,721
2029	880,000	299,246	1,179,246
2030 - 2034	4,500,000	1,127,348	5,627,348
2035 - 2039	3,400,000	555,744	3,955,744
2040 - 2042	1,455,000	71,338	1,526,338
	<u>\$ 13,692,219</u>	<u>\$ 3,450,322</u>	<u>\$ 17,142,541</u>

At April 30, 2024 the annual debt service requirements to service finance purchase agreements attributable to governmental activities are:

Year Ending April 30	Principal
2025	\$ 15,750
2026	15,750
2027	15,750
	<u>\$ 47,250</u>

At April 30, 2024 the annual debt service requirements to service all bonds and notes payable attributable to business-type activities are:

Year Ending April 30	Principal	Interest	Total
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	176,104	29,561	205,665
2030 - 2034	931,128	97,200	1,028,328
2035 - 2037	525,930	15,863	541,793
	<u>\$ 2,305,862</u>	<u>\$ 292,589</u>	<u>\$ 2,598,451</u>

NOTE 5 - PROPERTY TAXES

Property taxes receivable recorded in these financial statements, in the amount of \$1,186,062, are uncollected amounts from the 2023 tax levy. The unavailable revenue is 99.75% of the uncollected 2023 tax levy and an allowance is recorded for the remaining 0.25%. These taxes are unavailable as none of the taxes are collected before the end of the fiscal year and the Village does not consider the amounts to be available and does not budget for their use in fiscal year 2024. The Village has determined that 100% of the amounts collected in the current year are allocable for use in fiscal year 2024 and, therefore,

NOTES TO FINANCIAL STATEMENTS (Continued)

are recorded in these financial statements as property taxes revenue. A summary of the assessed valuation, rates, and extensions for the years 2023, 2022, and 2021 follows:

Tax Year	2023		2022		2021	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
Assessed Valuation	\$336,242,183		\$326,261,380		\$272,515,856	
General	0.1177	\$ 395,734	0.3936	\$ 1,284,198	0.3816	\$ 1,039,981
Bonds and Interest	0.1056	355,114	0.1081	352,699	0.1305	355,534
Police Pension	0.4749	1,596,818	0.1894	618,000	0.2835	772,500
Road and Bridge	-	26,000	-	25,554	-	-
Total Taxes Extended	0.6982	\$ 2,373,666	0.6911	\$ 2,280,451	0.7956	\$ 2,168,015

NOTE 6 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2024, the following governmental funds had expenditures that exceeded the final budget:

Fund	Budget	Actual	Excess of Actual Over Budget
General	\$ 10,939,681	\$ 10,974,496	\$ 34,815
Motor Fuel Tax	40,840	42,722	1,882
General Obligation Bonds	1,062,473	1,143,473	81,000
Capital Projects	3,014,464	4,532,683	1,518,219

NOTE 7 - LEASE ARRANGEMENTS

The Village, as a lessor, has the following lease arrangements:

	Contract Start	Contract End	Items	Initial Terms	Optional Terms	Initial Contract Value	Borrowing Rate (per year)	Monthly/Quarterly Payments	Number of Payments
Governmental Activities									
Building Lease	7/1/2017	6/30/2044	Portion of police station	7 years	20 years	\$ 1,086,720	2.54%	Various - quarterly payments	108
Business-Type Activities									
T-Mobile Antenna Lease	1/1/2016	12/31/2030	Water tower cell tower	5 years	10 years	\$ 607,580	3.72%	Various - monthly payments	180

A summary of deferred inflows - leases activity during the year ended April 30, 2024 is as follows:

	Balance May 1, 2023	Increases	Decreases	Adjustment*	Balance April 30, 2024
Governmental Activities					
Deferred Inflow s - Leases	\$ -	\$ -	\$ -	\$ 640,722	\$ 640,722
Total Deferred Inflow s - Leases	\$ -	\$ -	\$ -	\$ 640,722	\$ 640,722
Less earned revenue amounts:					
Deferred Inflow s - Leases	\$ -	\$ 25,128	\$ -	\$ 108,888	\$ 134,016
Total Revenue Earned	\$ -	\$ 25,128	\$ -	\$ 108,888	\$ 134,016
Governmental Activities Deferred Inflow s - Leases, Net	\$ -	\$ (25,128)	\$ -	\$ 531,834	\$ 506,706
Business-Type Activities					
Deferred Inflow s - Leases	\$ -	\$ -	\$ -	\$ 432,304	\$ 432,304
Total Deferred Inflow s - Leases	\$ -	\$ -	\$ -	\$ 432,304	\$ 432,304
Less earned revenue amounts:					
Deferred Inflow s - Leases	\$ -	\$ 36,025	\$ -	\$ 156,110	\$ 192,135
Total Revenue Earned	\$ -	\$ 36,025	\$ -	\$ 156,110	\$ 192,135
Business-Type Activities Deferred Inflow s - Leases, Net	\$ -	\$ (36,025)	\$ -	\$ 276,194	\$ 240,169

*Adjustment to book previously unrecorded GASB 87 lessor agreements

NOTES TO FINANCIAL STATEMENTS (Continued)

For the governmental activities, revenue in the amount of \$31,395 was recognized in intergovernmental revenues – rent within the General Fund.

For the business-type activities, revenue in the amount of \$36,025 was recognized in rental income within the Water and Sewer Fund.

The Building Lease for a portion of the Village’s Police Station had an initial lease term of seven years, running from July 1, 2017 through June 30, 2024. The lease also contained an optional extension provision. The parties elected to extend the term of the lease for ten additional two-year terms by mutual agreement. Lease payments for each two-year extension term are as follows:

Lease Term	Rental Payment
7/1/2024 - 6/30/2026	\$ 72,209
7/1/2026 - 6/30/2028	75,098
7/1/2028 - 6/30/2030	78,102
7/1/2030 - 6/30/2032	81,226
7/1/2032 - 6/30/2034	84,475
7/1/2034 - 6/30/2036	87,854
7/1/2036 - 6/30/2038	91,368
7/1/2038 - 6/30/2040	95,022
7/1/2040 - 6/30/2042	98,823
7/1/2042 - 6/30/2044	102,776
	<u>\$ 866,953</u>

The T-Mobile Antenna Lease had an initial lease term of five years, running from January 1, 2016 through December 31, 2020. The lease also contained an optional extension provision. The parties elected to extend the term of the lease for two additional five-year terms by mutual agreement. Lease payments for each five-year extension term are as follows:

Lease Term	Rental Payment
12/31/2021 - 12/31/2025	\$ 197,156
12/31/2026 - 12/31/2030	261,500
	<u>\$ 458,656</u>

The lease payments are shown as unavailable revenue within both the governmental and proprietary funds, as well as the government-wide financial statements. The Village will recognize revenue each year as it is earned.

At April 30, 2024, the annual lease payments and subsequent receipts are as follows:

Governmental Activities			
Year Ending April 30	Principal	Interest	Total
2025	\$ 12,845	\$ 22,082	\$ 34,927
2026	14,541	21,564	36,105
2027	16,183	21,004	37,187
2028	17,166	20,383	37,549
2029	18,951	19,724	38,675
2030 - 2034	117,306	86,649	203,955
2035 - 2039	164,619	60,796	225,415
2040 - 2044	222,963	25,179	248,142
2045	12,728	119	12,847
	<u>\$ 597,302</u>	<u>\$ 277,500</u>	<u>\$ 874,802</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

Business-Type Activities

Year Ending April 30	Principal	Interest	Total
2025	\$ 35,130	\$ 6,666	\$ 41,796
2026	37,302	5,748	43,050
2027	39,569	4,772	44,341
2028	41,933	3,738	45,671
2029	44,399	2,643	47,042
2030 - 2031	79,599	1,796	81,395
	<u>\$ 277,932</u>	<u>\$ 25,363</u>	<u>\$ 303,295</u>

NOTE 8 - LINE OF CREDIT

The Village opened a line of credit with Parkway Bank by signing a promissory note on July 22, 2023 with a maturity date of July 22, 2024. The Village can borrow up to \$1,000,000 with a 6.58% fixed rate. There were no outstanding borrowings as of April 30, 2024.

NOTE 9 - RESTRICTED EQUITY

The following amounts are restricted equity balances at April 30, 2024:

Restricted for	Restricted Net Position	Restricted Fund Balance
Governmental Activities/		
Governmental Funds		
General Obligations Bonds Fund	\$ 178,015	\$ 178,015
Motor Fuel Tax Fund	1,456,709	1,456,709
Criminal Investigation Fund	18,818	18,818
DUI Fund	5,213	5,213
	<u>\$ 1,658,755</u>	<u>\$ 1,658,755</u>

NOTE 10 - DEFICIT FUND BALANCE

At April 30, 2024, a deficit fund balance existed in the following funds:

Governmental Activities/	
Governmental Funds	
Capital Projects Fund	\$ 459,304
SSA Debt Service Fund	129,884
	<u>\$ 589,188</u>

NOTE 11 - RETIREMENT FUND COMMITMENTS

A. *Illinois Municipal Retirement Fund*

Plan Description

The Village’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this document. 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 Annual Comprehensive Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

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 ten 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 ten 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 Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. As of December 31, 2023, the following employees were covered by the benefit terms:

Inactive plan members and beneficiaries currently receiving benefits	30
Inactive plan members entitled to but not yet receiving benefits	25
Active plan members	20
Total	<u>75</u>

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 the calendar years 2023 and 2024 were 5.45% and 4.08%, respectively. For the fiscal year ended April 30, 2024, the Village contributed \$81,015 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 (Asset)/Liability

The components of the net pension (asset)/liability of the IMRF actuarial valuation performed as of December 31, 2023, and a measurement date as of that date, calculated in accordance with GASB Statement No. 68, were as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

Total Pension Liability	\$ 10,004,878
IMRF Fiduciary Net Position	9,919,247
Village's Net Pension (Asset)/Liability	85,631
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability	99.14%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Required Supplementary Information following the notes to the financial statements for additional information related to the funded status of the plan.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2023 using the following actuarial methods and assumptions:

Assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation	2.25%
Salary Increases	2.85% - 13.75% including inflation
Interest Rate	7.25%
Projected Retirement Age	Experience-based Table of Rates, specific to the type of eligibility condition. Last updated for the 2023 valuation pursuant to an experience study for the period 2020-2022.

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021 were used. 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-2021 were used. 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-2021 were used.

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 as of December 31, 2023:

Asset Class	Target Allocation	Projected Return
Equities	34.50%	5.00%
International Equities	18.00%	6.35%
Fixed Income	24.50%	4.75%
Real Estate	10.50%	6.30%
Alternatives	11.50%	
Private Equity		8.65%
Hedge Funds		N/A
Commodities		6.05%
Cash Equivalents	1.00%	3.80%
	100.00%	

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2023. 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

NOTES TO FINANCIAL STATEMENTS (Continued)

contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The Single Discount Rate reflects:

1. 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
2. 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 this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 3.77%; and resulting single discount rate is 7.25%. The prior year single discount rate was 7.25% and increased 0.00% to the current year single discount rate.

Changes in the Net Pension (Asset)/Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset)/Liability (A)-(B)
Balances at December 31, 2022	\$ 9,481,244	\$ 8,978,347	\$ 502,897
Changes for the year:			
Service Cost	\$ 113,829	\$ -	\$ 113,829
Interest on the Total Pension Liability	674,106	-	674,106
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	216,278	-	216,278
Changes of Assumptions	(297)	-	(297)
Contributions - Employer	-	81,640	(81,640)
Contributions - Employee	-	67,298	(67,298)
Net Investment Income	-	983,725	(983,725)
Benefit Payments, including Refunds of Employee Contributions	(480,282)	(480,282)	-
Other (Net Transfer)	-	288,519	(288,519)
Net Changes	\$ 523,634	\$ 940,900	\$ (417,266)
Balances at December 31, 2023	\$ 10,004,878	\$ 9,919,247	\$ 85,631

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension (Asset)/Liability	\$ 1,238,621	\$ 85,631	\$ (819,383)

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

For the year ended April 30, 2024, the Village recognized pension expense/(income) of (\$145,104). At April 30, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO FINANCIAL STATEMENTS (Continued)

Expense in Future Periods	Deferred Outflow s of Resources	Deferred Inflow s of Resources	Net Outflow s of Resources
Differences between expected and actual experience	\$ 124,487	\$ 35,050	\$ 89,437
Changes of assumptions	-	171	(171)
Net difference between projected and actual earnings on pension plan investments	530,737	-	530,737
Total deferred amounts to be recognized in pension expense in future periods	\$ 655,224	\$ 35,221	\$ 620,003
Pension contributions made subsequent to the measurement date	23,868	-	23,868
Total deferred amounts related to pensions	<u>\$ 679,092</u>	<u>\$ 35,221</u>	<u>\$ 643,871</u>

\$23,868 reported as deferred outflows of resources related to pensions resulting from the Village’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending April 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	Net Deferred (Inflow s)/Outflow s of Resources
2024	\$ 127,112
2025	215,665
2026	344,097
2027	(66,871)
2028	-
Thereafter	-
	<u>\$ 620,003</u>

B. Police Pension Plan

Plan Administration

Full-time police sworn personnel of the Village are covered by The Police Pension Fund of the Village (Plan). Although this is a single-member pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 IL CS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Plan as a pension trust fund. No separate report is issued on this pension plan.

The Pension Board administers the Plan and the Illinois Department of Insurance is the oversight agency. The Board consists of three elected and two appointed members.

Plan Membership

At May 1, 2023, the date of the latest actuarial valuation, Plan participation consisted of:

Inactive plan members or beneficiaries currently receiving benefits	25
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	26
Total	<u>54</u>

Benefits Provided

The Plan provides retirement, disability, and death benefits to Plan members and their beneficiaries. Chapter 40-Pensions-Act 5/Article 3 of the Illinois Compiled Statutes assigns the authority to establish and amend the benefit provisions of the Plan to the Illinois legislature.

NOTES TO FINANCIAL STATEMENTS (Continued)

Covered employees hired before January 1, 2011 attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, and 1% of such salary for each additional year of service over 30 years, to a maximum of 75% of such salary.

Covered employees hired on or after January 1, 2011 attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lessor of 3% or ½ the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Contributions

Employees are required by Illinois Compiled Statutes (ILCS) to contribute 9.91% of their base salary to the 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. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Plan. For the year ended April 30, 2024, the Village's contribution was 52.86% of covered payroll.

Net Pension Liability

The components of the net pension liability of the Plan as of April 30, 2024, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$ 43,344,776
Plan Fiduciary Net Position	24,089,075
Village's Net Pension Liability	19,255,701
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	55.58%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Required Supplementary Information for additional information related to the funded status of the Plan.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2024 using the following actuarial methods and assumptions:

Actuarial Valuation Date	May 1, 2023
Actuarial Cost Method	Entry Age Normal (Level %)
Assumptions	
Inflation	2.25%
Salary Increases	3.75% - 15.23%
Investment Rate of Return	6.75%
Asset Valuation Method	Fair Value

NOTES TO FINANCIAL STATEMENTS (Continued)

Active Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. Mortality improvement used MP-1029 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 full 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 improvement uses MP-2019 Improvement Rates applied on a fully generational basis. 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 (ages 45 and younger) the PubG-2010 Study for general employees was used. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis. Other actuarial assumptions (demographic) rates are based on a review of the L&A Assumption Study for Police 2020.

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. The discount rate used in the determination of the Total Pension Liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate.

Cash flow projections were used to determine the extent which the plan’s future net position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan’s projected net position, the expected rate of return on plan investments is used to determine the portion of the net pension liability associated with those payments. To the extent future benefit payments are not covered by the plan’s projected net position, the municipal bond rate is used to determine the portion of the net pension liability associated with those payments.

The Plan’s projected net position is expected to cover future benefit payments in full for the current employees.

Projected benefit payments are determined during the actuarial process based on assumptions. More details on the assumptions are in the prior section. The expected contributions are based on the funding policy of the Plan.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at April 30, 2023	\$ 42,303,219	\$ 22,358,370	\$ 19,944,849
Changes for the year:			
Service Cost	\$ 728,234	\$ -	\$ 728,234
Interest on the Total Pension Liability	2,574,164	-	2,574,164
Changes of Benefit Terms	439,581	-	439,581
Differences Between Expected and Actual			
Experience of the Total Pension Liability	35,357	-	35,357
Changes of Assumptions	(702,363)	-	(702,363)
Contributions - Employer	-	1,537,886	(1,537,886)
Contributions - Employee	-	288,369	(288,369)
Contributions - Other	-	3,998	(3,998)
Net Investment Income	-	1,971,576	(1,971,576)
Benefit Payments, including Refunds of Employee Contributions	(2,033,416)	(2,033,416)	-
Administrative Expense	-	(37,708)	37,708
Net Changes	\$ 1,041,557	\$ 1,730,705	\$ (689,148)
Balances at April 30, 2024	\$ 43,344,776	\$ 24,089,075	\$ 19,255,701

NOTES TO FINANCIAL STATEMENTS (Continued)

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

The following presents the plan’s net pension liability, calculated using a Single Discount Rate of 6.35%, as well as what the plan’s net pension liability would be if it were calculated using a single Discount Rate that is 1% lower or 1% higher:

	1% Decrease 5.35%	Current Discount Rate 6.35%	1% Increase 7.35%
Net Pension Liability	\$ 25,249,911	\$ 19,255,701	\$ 14,352,798

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

For the year ended April 30, 2024, the Village recognized pension expense of \$3,063,027. At April 30, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred (Inflows)/Outflows of Resources
Expense in Future Periods			
Differences between expected and actual experience	\$ 585,038	\$ (458,414)	\$ 126,624
Assumption changes	1,680,813	(843,062)	837,751
Net difference between projected and actual earnings on pension investments	860,225	-	860,225
Total deferred amounts to be recognized in pension expense in future periods	<u>\$ 3,126,076</u>	<u>\$ (1,301,476)</u>	<u>\$ 1,824,600</u>

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

Year Ending April 30	Net Deferred (Inflows)/Outflows of Resources
2025	\$ 851,216
2026	1,036,195
2027	288,176
2028	(224,264)
2029	(113,645)
Thereafter	(13,078)
	<u>\$ 1,824,600</u>

Aggregate Pension Expense/(Revenue)

Pension Expense/(Income) - IMRF	\$ (145,104)
Pension Expense/(Income) - Police Pension	3,063,027
Total Aggregate Pension Expense/(Revenue)	<u>\$ 2,917,923</u>

Payable to the Pension Plan

At April 30, 2024, the Village reported a payable of \$100,375 for the outstanding amount of contributions to the pension plan required for the year ended April 30, 2024.

C. Social Security

Employees not qualifying for coverage under the Illinois Municipal Retirement Fund are considered “non-participating employees”. These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security. The Village paid the total required contribution for the current fiscal year.

NOTE 12 - POST-EMPLOYMENT BENEFIT COMMITMENTS – POST-RETIREMENT HEALTH PLAN

Plan Overview

In addition to the providing the pension benefits described in Note 11, the Village provides post-employment benefits other than pensions (“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 not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Village’s governmental activities.

Benefits Provided

The Village provides postemployment health care benefits to its retirees and certain disabled employees. To be eligible for benefits, an employee must qualify for retirement under one of the Village’s retirement plans. All health care benefits are provided through the Village’s self-insured health plan.

Medical Coverage Provisions: Coverage is secondary to Medicare once the participant reaches eligibility. Spousal coverage can continue upon the death of the retiree given that contributions continue. Retirees contribute 100% of the actual premium to the plan to cover the cost of providing the benefits to the current members via the insured plan (pay-as-you-go) which results in an implicit subsidy to the Village. Employees are not required to contribute to the plan until retirement.

For certain disabled employees who qualify for health insurance benefits under the Public Safety Employee Benefits Act (PSEBA), the Village pays the full cost of coverage, including the cost for spousal coverage, for life. Should the retiree pass away, spousal coverage may continue.

Dental and Vision Coverage Provisions: Retirees pay the full cost of coverage, except for certain disabled employees who qualify for health insurance benefits under the Public Safety Employee Benefits Act (PSEBA). The Village pays 100% of their dental coverage for life. Coverage ends when retirees stop paying the premiums.

Eligibility

Employees of the Village are eligible for retiree health benefits as listed below:

Full-Time Employees - IMRF

Tier I IMRF full-time Village employees age 55 with at least 8 years of services are covered.

Tier II IMRF full-time Village employees age 62 with at least 10 years of service are covered.

Full-Time Employees - Police Pension

Tier I Full-Time Police Officers, age 50 or later with at least 20 years of service are covered.

Tier II Full-Time Police Officers, age 55 or later with at least 10 years of service are covered.

Membership

Membership in the plan consisted of the following at May 1, 2023, the date of the latest actuarial valuation:

Active employees	45
Inactive employees entitled to but not yet receiving benefits	-
Inactive employees currently receiving benefits	3
Total	<u>48</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

Total OPEB Liability

The Village's total OPEB liability was measured as of April 30, 2024, and the total OPEB liability was determined by an actuarial valuation as of May 1, 2023.

Actuarial Assumptions

The total OPEB liability in the May 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Method	Entry Age Normal	
Discount Rate	4.07%	
Inflation	2.25%	
Salary Rate Increase	3.00%	
Health Care Trend	<u>Health Plan</u>	<u>Dental Plan</u>
Initial Trend Rate	7.70%	4.00%
Ultimate Trend Rate	5.00%	4.00%
FY the Ultimate Rate is Reached	2033	2024
Mortality Rates		

IMRF Employees:

PubG-2010(B) Improved Generationally using MP-2020 Improvement Rates, weighted per IMRF Experience Study Report dated December 14, 2020; Age 83 for Males, Age 87 for Females.

Police Employees:

Active Mortality follows the Sex Distinct Raw Rates developed in the PubS2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are then improved generationally using MP-2019 Improvement Rates.

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 generationally using MP-2019 Improvement Rates.

Disabled Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants improved to 2017 using MP-2019 Improvement Rates.

These rates are then improved generationally using MP-2019 Improvement Rates.

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 (ages 45 and younger) the PubG-2010 Study for general employees was used. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

Election at Retirement 30% of active employees are assumed to elect coverage at retirement.

Marital Status 50% of active employees are assumed to be married and elect spousal coverage upon retirement. Females are assumed to be three years younger than males.

The actuarial assumptions used in the May 1, 2024 valuation were based on procedures that conform to the Alternative Measurement Method and generally accepted actuarial principles and practices. Assumption changes reflect a change in the discount rate of 0.54% from 3.53% for the beginning of the year values to 4.07% for the disclosure date.

There is no long-term expected rate of return on OPEB plan investments since the OPEB obligation is an unfunded obligation. The Village does not have a trust dedicated exclusively to the payment of OPEB benefits.

Discount Rate

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 4.07% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of April 30, 2024.

NOTES TO FINANCIAL STATEMENTS (Continued)

Changes in the Total OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at May 1, 2023	\$ 2,279,427	\$ -	\$ 2,279,427
Changes for the year:			
Service Cost	\$ 80,447	\$ -	\$ 80,447
Interest on Total OPEB Liability	79,018	-	79,018
Assumption Changes	(111,866)	-	(111,866)
Contributions - Employer	-	81,873	(81,873)
Benefit Payments	(81,873)	(81,873)	-
Net Changes	\$ (34,274)	\$ -	\$ (34,274)
Balances at April 30, 2024	\$ 2,245,153	\$ -	\$ 2,245,153

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

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate:

Plan's Total OPEB Liability/(Asset)		
1% Decrease	Valuation Rate	1% Increase
\$ 2,458,365	\$ 2,245,153	\$ 2,056,474

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

Plan's Total OPEB Liability/(Asset)		
Healthcare Cost		
1% Decrease	Valuation Rate	1% Increase
\$ 2,010,635	\$ 2,245,153	\$ 2,516,914

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

For the fiscal year ended April 30, 2024, the Village recognized OPEB expense/(income) of \$47,599. At April 30, 2024, the Village had no deferred outflows of resources and deferred inflows of resources related to OPEB from any sources.

Changes in total OPEB liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in OPEB expense over the expected remaining service life of all employees (13.69 years, active and retired) in the postretirement plan.

There were no amounts reported as deferred outflows of resources related to OPEB that will be recognized as future OPEB expense.

Roll Forward Disclosure

The actuarial valuations were performed as of May 1, 2023. Update procedures were used to roll forward the total OPEB liabilities to April 30, 2024.

NOTE 13 - INTERFUND BALANCES AND TRANSFERS

Interfund balances at April 30, 2024 consisted of the following:

Due From	Due To	Amount
General Fund	Police Pension Fund	\$ 100,375
Capital Projects Fund	General Fund	2,670,589
General Obligations Bonds Fund	Water and Sewer Fund	205,667
SSA Debt Service Fund	General Fund	384,896

Interfund balances result from a time lag between the dates that (1) revenue was collected and remitted to the appropriate funds and (2) expenditures were incurred and reimbursed between funds.

Interfund transfers for the year ended April 30, 2024 consisted of the following:

Transfer From	Transfer To	Amount
General Fund	General Obligations Bonds Fund	\$ 728,360
General Obligations Bonds Fund	Water and Sewer Fund	205,667

The transfer from the General Fund to the General Obligations Bond Fund was made to cover retirements of general obligation bonds. The transfer from the General Obligations Bonds Fund to the Water and Sewer Fund was made for property tax amounts levied for the IEPA loans.

NOTE 14 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Village’s employees. The Village has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenditures/expenses in appropriate funds. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

NOTE 15 - COMMITMENTS

The Village has entered into the following construction contracts with amounts outstanding at April 30, 2024, for which related expenditures will be incurred next fiscal year:

- Contract with DiMeo Bros Construction for the Oriole flood storage facility, with a remaining balance of \$73,196 from the total contract amount;
- Contract with Grace Infrastructure Company for Village Hall improvements, with \$176,419 remaining on the total contract amount; and
- Contract with Johnson Paving for a street paving project for which work has yet to begin with a contract amount of \$2,411,430.

NOTE 16 - CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

NOTE 17 - 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 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 their designees, two public safety representatives from each Party, and one public representative from each Party. The MCD has an April 30 fiscal year end.

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, 2024 is 23.928%. The charges are payable to MCD on a quarterly basis.

MCD is also the lessee if of the police office space referenced in Note 7.

NOTE 18 - LEGAL DEBT LIMITATION

The Village is a home rule municipality, and the Illinois Compiled Statutes does not limit the amount of indebtedness for this type of municipality, therefore no limitation exists.

NOTE 19 - TAX ABATEMENT AGREEMENTS

The Village negotiates property and sales tax abatement agreements on an individual basis. The Village has tax abatement agreements with three entities as of April 30, 2024, as follows:

Name of Abatement Agreement	Type of Taxes Abated	Eligibility Criteria and Mechanism of Abatement	Amount of Taxes Abated During the Fiscal Year	Amount of Taxes Abated in Total
Mariano's (Bradford Equities, LLC)	Sales Taxes	The Village reimburses the business developer up to \$3,850,000 of the costs to develop the land, to be paid over a period of 40 years. The Village makes 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. The agreement terminates on the earlier of 40 years from the effective date of the agreement, or upon payment of the principal balance. Each monthly payment is applied first to interest at the prime rate plus 2.25%, with any remaining amount being applied to principal.	\$ 296,970	\$ 3,301,073
7444 West Wilson, LLC	Sales Taxes	The Village shares certain sales tax revenues generated from the business developed on the property with 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 are shared between the Village and the developer. The Village retains 60% of the surplus tax revenue and distributes to the developer the remaining 40%. The agreement terminates on the earlier of 40 years from the effective date of the agreement, or upon the occurrence of certain other events. There were no sales tax revenues generated from the related business since the inception of the agreement in April 2014 and accordingly no rebates have been paid through April 30, 2024.	\$ -	\$ -

NOTES TO FINANCIAL STATEMENTS (Continued)

Name of Abatement Agreement	Type of Taxes Abated	Eligibility Criteria and Mechanism of Abatement	Amount of Taxes Abated During the Fiscal Year	Amount of Taxes Abated in Total
Buona Restaurant (Harwood Heights Partners, LLC)	Sales Taxes	The Village shares certain tax revenue generated from the restaurant with the developer. During the tax sharing period, the Village makes monthly payments to the developer of 50% of the sales tax revenue generated by the restaurant. The tax sharing period commenced on the first day of the month following the opening of the restaurant in November 2015 and continued for the shorter of twelve years or until the Village has paid the developer an aggregate total of \$200,000 in shared tax revenue. The Village paid the last amount in fiscal year 2024.	\$ 24,276	\$ 200,000

All abatement agreements are entered into under the authority of the Mayor, Village Clerk, and Village Board.

NOTE 20 - NET INVESTMENT IN CAPITAL ASSET CALCULATION

Net investment in capital asset calculation as of April 30, 2024 was as follows:

Governmental Activities

Capital Assets, Net of Accumulated Depreciation	\$ 20,311,812
Less:	
Capital Related Debt	(3,670,400)
Capital Assets in Accounts Payable	(478,669)
Retainage Payable	(171,440)
Investment in Capital Assets	<u>\$ 15,991,303</u>

Business-Type Activities

Capital Assets, Net of Accumulated Depreciation	\$ 6,516,720
Less:	
Capital Related Debt	(2,305,862)
Investment in Capital Assets	<u>\$ 4,210,858</u>

NOTE 21 - CHANGE IN ACCOUNTING PRINCIPLE

The Village has implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement establishes financial reporting standards related to subscription-based information technology arrangements. Implementation of this standard resulted in recognizing the fair market value of the liability and asset at the commencement of the agreement. There have been no changes to the previously issued audited financial statements which would be required on a retrospective basis.

NOTE 22 - PRIOR PERIOD ADJUSTMENTS FOR ERROR CORRECTIONS

Error Correction #1

During fiscal year 2024, it was determined that replacement tax revenue should only be recognized when received, due to replacement taxes not being attached to a specific source of revenue and being allocated to governmental entities at state level when distributed. The effect of this change caused the replacement tax revenue to be misstated in the prior fiscal year by \$4,152 in the General Fund. It was also determined that income taxes should only be recognized when received based on when state taxes attach to the revenue generated. The effect of this change caused the income tax revenue to be misstated in the prior fiscal year by \$218,061 in the General Fund. These changes resulted in a total prior period adjustment of \$222,213 in the General Fund.

NOTES TO FINANCIAL STATEMENTS (Continued)

Error Correction #2

During fiscal year 2024, it was determined that the Village's OPEB liability was allocated incorrectly between the governmental activities and business type activities in the prior fiscal year. The effect of this correction caused the net position in the Water and Sewer Fund and net position for business-type activities to increase by \$158,533, while decreasing net position for governmental activities.

Error Correction #3

During fiscal year 2024, it was determined that the Village's T-Mobile Antenna Lease (as a lessor) was not recorded in the prior fiscal year. The effect of this correction caused net position in the Water and Sewer Fund and government-wide net position for business-type activities to increase by \$34,785.

Error Correction #4

During fiscal year 2024, it was determined that the Village's Building Lease (as a lessor) with MCD was not recorded in the prior fiscal year. The effect of this correction caused the government-wide net position for governmental activities to increase by \$74,371.

Error Correction #5

During fiscal year 2024, it was determined that the Village's liability recorded in the prior year for compensated absences was misstated, due to items not paid out upon termination included in the calculation. The effect of this correction caused the government-wide net position for governmental activities to decrease by \$487,939.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF HARWOOD HEIGHTS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
APRIL 30, 2024

	4/30/2024*	4/30/2023*	4/30/2022*	4/30/2021*	4/30/2020*	4/30/2019*	4/30/2018*	4/30/2017*	4/30/2016*
TOTAL PENSION LIABILITY									
Service Cost	\$ 113,829	\$ 117,259	\$ 117,093	\$ 139,782	\$ 128,553	\$ 103,642	\$ 158,956	\$ 150,233	\$ 140,878
Interest on Total Pension Liability	674,106	662,352	604,372	631,202	613,566	545,121	561,127	537,444	513,793
Differences Between Expected and Actual Experience	216,278	(124,268)	554,416	(601,482)	(133,450)	635,991	(295,493)	(12,743)	23,725
Changes of Assumptions	(297)	-	-	(109,754)	-	250,608	(264,115)	(9,337)	8,942
Benefit Payments, Including Refunds of Member Contributions	(480,282)	(502,707)	(449,778)	(387,185)	(354,869)	(351,364)	(341,089)	(386,422)	(347,789)
Net Change in Total Pension Liability	\$ 523,634	\$ 152,636	\$ 826,103	\$ (327,437)	\$ 253,800	\$ 1,183,998	\$ (180,614)	\$ 279,175	\$ 339,549
Total Pension Liability - Beginning	9,481,244	9,328,608	8,502,505	8,829,942	8,576,142	7,392,144	7,572,758	7,293,583	6,954,034
Total Pension Liability - Ending	\$ 10,004,878	\$ 9,481,244	\$ 9,328,608	\$ 8,502,505	\$ 8,829,942	\$ 8,576,142	\$ 7,392,144	\$ 7,572,758	\$ 7,293,583
PLAN FIDUCIARY NET POSITION									
Contributions - Employer	\$ 81,640	\$ 69,571	\$ 128,822	\$ 143,257	\$ 78,252	\$ 119,692	\$ 131,231	\$ 152,104	\$ 141,104
Contributions - Member	67,298	56,005	58,137	55,479	59,683	55,073	61,943	71,319	63,185
Net Investment Income	983,725	(1,294,705)	1,477,654	1,167,728	1,331,889	(368,715)	1,190,092	461,866	32,819
Benefit Payments, Including Refunds of Member Contributions	(480,282)	(502,707)	(449,778)	(387,185)	(354,869)	(351,364)	(341,089)	(386,422)	(347,789)
Other (Net Transfers)	288,519	(45,941)	155,631	(189,548)	38,784	89,010	(78,267)	(23,927)	74,699
Net Change in Plan Fiduciary Net Position	\$ 940,900	\$ (1,717,777)	\$ 1,370,466	\$ 789,731	\$ 1,153,739	\$ (456,304)	\$ 963,910	\$ 274,940	\$ (35,982)
Plan Net Position - Beginning	8,978,347	10,696,124	9,325,658	8,535,927	7,382,188	7,838,492	6,874,582	6,599,642	6,635,624
Plan Net Position - Ending	\$ 9,919,247	\$ 8,978,347	\$ 10,696,124	\$ 9,325,658	\$ 8,535,927	\$ 7,382,188	\$ 7,838,492	\$ 6,874,582	\$ 6,599,642
Village's Net Pension (Asset)/Liability	\$ 85,631	\$ 502,897	\$ (1,367,516)	\$ (823,153)	\$ 294,015	\$ 1,193,954	\$ (446,348)	\$ 698,176	\$ 693,941
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	99.14%	94.70%	114.66%	109.68%	96.67%	86.08%	106.04%	90.78%	90.49%
Covered Payroll	\$ 1,398,894	\$ 1,244,560	\$ 1,286,829	\$ 1,232,851	\$ 1,326,296	\$ 1,223,839	\$ 1,329,591	\$ 1,439,017	\$ 1,338,389
Employer's Net Pension (Asset)/Liability as a Percentage of Covered Payroll	6.12%	40.41%	-106.27%	-66.77%	22.17%	97.56%	-33.57%	48.52%	51.85%

* This information presented is based on the actuarial valuation performed as of the December 31 year end prior to the fiscal year end listed above.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

See Accompanying Independent Auditor's Report

VILLAGE OF HARWOOD HEIGHTS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTION
APRIL 30, 2024

	4/30/2024*	4/30/2023*	4/30/2022*	4/30/2021*	4/30/2020*	4/30/2019*	4/30/2018*	4/30/2017*	4/30/2016*
Actuarially-Determined Contribution	\$ 76,240	\$ 69,571	\$ 128,683	\$ 143,257	\$ 78,251	\$ 119,691	\$ 131,231	\$ 152,104	\$ 133,839
Contributions in Relation to Actuarially-Determined Contribution	<u>81,640</u>	<u>69,571</u>	<u>128,822</u>	<u>143,257</u>	<u>78,252</u>	<u>119,692</u>	<u>131,231</u>	<u>152,104</u>	<u>141,104</u>
Contribution Deficiency/(Excess)	<u>\$ (5,400)</u>	<u>\$ -</u>	<u>\$ (139)</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,265)</u>
Covered Payroll	\$ 1,534,470	\$ 1,244,560	\$ 1,286,829	\$ 1,232,851	\$ 1,326,296	\$ 1,223,839	\$ 1,329,591	\$ 1,439,017	\$ 1,338,389
Contributions as a Percentage of Covered Payroll	5.32%	5.59%	10.01%	11.62%	5.90%	9.78%	9.87%	10.57%	10.54%

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2023 Contribution Rate *

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.

Actuarial Cost Method: Aggregate Entry Age Normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 20-year closed period

Asset Valuation Method: 5-year smoothed market; 20% corridor

Wage Growth: 2.75%

Price Inflation: 2.25%, approximate; No explicit price inflation assumption is used in this valuation.

Salary Increases: 2.75% 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 valuation pursuant to an experience study of the period 2017 to 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.

*Based on Valuation Assumptions used in the December 31, 2021 actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

See Accompanying Independent Auditor's Report

VILLAGE OF HARWOOD HEIGHTS
POLICE PENSION PLAN
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
APRIL 30, 2024

	4/30/2024	4/30/2023	4/30/2022	4/30/2021	4/30/2020	4/30/2019	4/30/2018	4/30/2017	4/30/2016	4/30/2015
TOTAL PENSION LIABILITY										
Service Cost	\$ 728,234	\$ 740,079	\$ 638,279	\$ 598,760	\$ 651,594	\$ 610,705	\$ 594,196	\$ 559,532	\$ 516,498	\$ 495,347
Interest	2,574,164	2,489,361	2,408,124	2,440,686	2,221,579	2,073,104	2,046,568	1,915,734	1,798,675	1,651,615
Changes in Benefit Terms	439,581	(33,779)	-	-	170,664	-	-	-	-	-
Differences Between Expected and Actual Experience	35,357	244,846	(793,057)	(268,357)	2,012,860	377,061	(412,409)	556,388	(551,725)	1,096,887
Changes in Assumptions	(702,363)	(376,541)	3,415,084	-	-	643,854	541,378	-	1,091,793	-
Benefit Payments, Including Refunds of Member Contributions	(2,033,416)	(1,946,444)	(1,909,045)	(1,808,648)	(1,707,030)	(1,384,945)	(1,235,590)	(1,225,559)	(1,159,820)	(1,168,464)
Net Change in Total Pension Liability	\$ 1,041,557	\$ 1,117,522	\$ 3,759,385	\$ 962,441	\$ 3,349,667	\$ 2,319,779	\$ 1,534,143	\$ 1,806,095	\$ 1,695,421	\$ 2,075,385
Total Pension Liability - Beginning	42,303,219	41,185,697	37,426,312	36,463,871	33,114,204	30,794,425	29,260,282	27,454,187	25,758,766	23,683,381
Total Pension Liability - Ending	\$ 43,344,776	\$ 42,303,219	\$ 41,185,697	\$ 37,426,312	\$ 36,463,871	\$ 33,114,204	\$ 30,794,425	\$ 29,260,282	\$ 27,454,187	\$ 25,758,766
PLAN FIDUCIARY NET POSITION										
Contributions - Employer	\$ 1,537,886	\$ 2,739,610	\$ 1,246,054	\$ 1,336,155	\$ 963,830	\$ 901,461	\$ 838,466	\$ 820,142	\$ 668,617	\$ 545,245
Contributions - Member	288,369	275,571	252,882	239,316	258,041	255,098	252,680	283,346	224,805	189,713
Contributions - Other	3,998	138,175	160	-	-	-	-	-	-	-
Net Investment Income	1,971,576	312,159	(1,524,117)	4,575,906	134,920	1,189,028	1,015,454	1,079,805	(93,153)	922,870
Benefit Payments, Including Refunds of Member Contributions	(2,033,416)	(1,946,444)	(1,909,045)	(1,808,648)	(1,707,030)	(1,384,945)	(1,235,590)	(1,225,559)	(1,159,820)	(1,168,646)
Administrative Expenses	(37,708)	(43,459)	(56,180)	(43,477)	(49,959)	(43,278)	(45,956)	(46,967)	(45,779)	(40,152)
Net Change in Plan Fiduciary Net Position	\$ 1,730,705	\$ 1,475,612	\$ (1,990,246)	\$ 4,299,252	\$ (400,198)	\$ 917,364	\$ 825,054	\$ 910,767	\$ (405,330)	\$ 449,030
Plan Net Position - Beginning	22,358,370	20,882,758	22,873,004	18,573,752	18,973,950	18,056,586	17,231,532	16,320,765	16,726,095	16,277,065
Plan Net Position - Ending	\$ 24,089,075	\$ 22,358,370	\$ 20,882,758	\$ 22,873,004	\$ 18,573,752	\$ 18,973,950	\$ 18,056,586	\$ 17,231,532	\$ 16,320,765	\$ 16,726,095
Village's Net Pension Liability	\$ 19,255,701	\$ 19,944,849	\$ 20,302,939	\$ 14,553,308	\$ 17,890,119	\$ 14,140,254	\$ 12,737,839	\$ 12,028,750	\$ 11,133,422	\$ 9,032,671
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	55.58%	52.85%	50.70%	61.11%	50.94%	57.30%	58.64%	58.89%	59.45%	64.93%
Covered Payroll	\$ 2,909,258	\$ 2,690,009	\$ 2,515,771	\$ 2,429,804	\$ 2,479,425	\$ 2,783,628	\$ 2,568,420	\$ 2,423,667	\$ 2,115,352	\$ 2,133,608
Employer's Net Pension Liability as a Percentage of Covered Payroll	661.88%	741.44%	807.03%	598.95%	721.54%	507.98%	495.94%	496.30%	526.32%	423.35%
Annual Money-Weighted Rate of Return, Net of Investment Expenses	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
	9.26%	n/a	-6.72%	24.91%	0.69%	4.54%	5.94%	6.67%	-0.54%	5.78%

See Accompanying Independent Auditor's Report

VILLAGE OF HARWOOD HEIGHTS
POLICE PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTION
LAST TEN FISCAL YEARS

	4/30/2024	4/30/2023	4/30/2022	4/30/2021	4/30/2020	4/30/2019	4/30/2018	4/30/2017	4/30/2016	4/30/2015
Actuarially-Determined Contribution	\$ 1,467,505	\$ 1,381,684	\$ 1,393,037	\$ 2,016,827	\$ 1,640,140	\$ 1,413,603	\$ 1,303,048	\$ 1,137,658	\$ 998,578	\$ 661,085
Contributions in Relation to Actuarially-Determined Contribution	1,537,886	2,739,610	1,246,054	1,336,155	963,830	901,460	838,466	820,142	668,617	545,245
Contribution Deficiency/(Excess)	<u>\$ (70,381)</u>	<u>\$ (1,357,926)</u>	<u>\$ 146,983</u>	<u>\$ 680,672</u>	<u>\$ 676,310</u>	<u>\$ 512,143</u>	<u>\$ 464,582</u>	<u>\$ 317,516</u>	<u>\$ 329,961</u>	<u>\$ 115,840</u>
Covered Payroll	\$ 2,909,258	\$ 2,690,009	\$ 2,515,771	\$ 2,429,804	\$ 2,479,425	\$ 2,783,628	\$ 2,568,420	\$ 2,423,667	\$ 2,115,352	\$ 2,133,608
Contributions as a Percentage of Covered Payroll	52.86%	101.84%	49.53%	54.99%	38.87%	32.38%	32.65%	33.84%	31.61%	25.56%

Notes to Schedule:

The Contributions in Relation to the Actuarially Determined Contribution shown above for the fiscal year ending 4/30/2023 includes an additional \$2,000,000 in Employer Contributions from the issuance of Pension Obligation Bonds. The Actuarially Determined Contribution shown above for the current year is the Statutory Minimum Contribution from the May 1, 2022 Actuarial Valuation completed by the Illinois Police Officers' Pension Investment Fund for the December 2022 tax levy. The methods and assumptions shown below are based on the same Actuarial Valuation. For more detail on the age-based and service-based rates disclosed below, please see the Actuarial Valuation.

- Actuarial Cost Method:** Projected Unit Credit
- Amortization Method:** Level Percentage of Payroll (closed)
- Amortization Target:** 90% Funded Over 18 Years
- Asset Valuation Method:** 5-year Smoothed Fair Value
- Inflation (CPI-U):** 2.50%
- Total Payroll Increases:** 3%
- Individual Pay Increases:** 3.50% to 11.00%
- Expected Rate of Return on Investments:** 6.80%
- Mortality: Pub-2010 Adjusted for Plan Status and Demographics
- Retirement Rates:** Illinois Police Officers' Pension Investment Fund Actuarial Experience Study Dated March 4, 2022
- Termination Rates:** Illinois Police Officers' Pension Investment Fund Actuarial Experience Study Dated March 4, 2022
- Disability Rates:** Illinois Police Officers' Pension Investment Fund Actuarial Experience Study Dated March 4, 2022

See Accompanying Independent Auditor's Report

VILLAGE OF HARWOOD HEIGHTS
OTHER POST-EMPLOYMENT BENEFIT
SCHEDULE OF CHANGES IN THE EMPLOYER'S TOTAL OPEB
LIABILITY AND RELATED RATIOS
APRIL 30, 2024

	4/30/2024	4/30/2023	4/30/2022	4/30/2021	4/30/2020	4/30/2019
TOTAL OPEB LIABILITY						
Service Cost	\$ 80,447	\$ 23,938	\$ 28,083	\$ 37,939	\$ 28,204	\$ 26,413
Interest	79,018	51,584	40,821	47,708	51,751	52,084
Differences Between Expected and Actual Experience	-	574,627	-	(212,020)	-	-
Benefit Payments	(81,873)	(55,109)	(49,715)	(56,780)	(46,655)	(43,847)
Changes in Assumptions	(111,866)	49,862	(207,799)	114,329	469,724	20,402
Net Change in Total OPEB Liability	\$ (34,274)	\$ 644,902	\$ (188,610)	\$ (68,824)	\$ 503,024	\$ 55,052
Total OPEB Liability - Beginning	2,279,427	1,634,525	1,823,135	1,891,959	1,388,935	1,333,883
Total OPEB Liability - Ending	\$ 2,245,153	\$ 2,279,427	\$ 1,634,525	\$ 1,823,135	\$ 1,891,959	\$ 1,388,935
OPEB PLAN FIDUCIARY NET POSITION						
Contributions - Employer	\$ 81,873	\$ 55,109	\$ 49,715	\$ 56,780	\$ 46,655	\$ 43,847
Benefit Payments	(81,873)	(55,109)	(49,715)	(56,780)	(46,655)	(43,847)
Net Change in OPEB Plan Net Position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OPEB Plan Net Position - Beginning	-	-	-	-	-	-
OPEB Net Position - Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village's Total OPEB Plan Liability	\$ 2,245,153	\$ 2,279,427	\$ 1,634,525	\$ 1,823,135	\$ 1,891,959	\$ 1,388,935
OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-Employee Payroll	\$ 4,784,188	\$ 4,644,842	\$ 4,374,237	\$ 3,991,671	\$ 3,875,409	\$ 4,081,786
Employer's Net OPEB Liability as a Percentage of Covered-Valuation Payroll	46.93%	49.07%	37.37%	45.67%	48.82%	34.03%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period:

The following are the discount rates used in each period: 4.07% 3.53% 3.21% 2.27% 2.56% 3.79%

There is no actuarially-determined contribution (ADC) or employer contribution in relation to the ADC, as the total OPEB liabilities are currently an unfunded obligation.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

See Accompanying Independent Auditor's Report

VILLAGE OF HARWOOD HEIGHTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2024

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local Taxes	\$ 4,809,276	\$ 5,121,981	\$ 5,107,274
Intergovernmental	3,947,690	4,303,999	4,310,470
Other Local Sources			
Licenses and Permits	477,450	701,640	683,669
Fines and Forfeitures	699,000	654,578	667,056
Charges for Services	365,000	380,805	381,505
Interest	425,250	635,525	631,942
Miscellaneous	116,000	166,366	167,611
Total Revenues	<u>\$ 10,839,666</u>	<u>\$ 11,964,894</u>	<u>\$ 11,949,527</u>
EXPENDITURES			
Current			
General Government	\$ 1,847,581	\$ 1,845,829	\$ 1,832,539
Public Safety	7,880,097	6,840,169	6,887,723
Public Works	1,457,828	1,525,906	1,517,171
Economic Development	332,500	329,313	321,246
	<u>\$ 11,518,006</u>	<u>\$ 10,541,217</u>	<u>\$ 10,558,679</u>
Capital Outlay			
General Government	\$ 15,000	\$ 17,041	\$ 17,041
Public Safety	233,000	228,673	212,923
Public Works	-	-	17,353
	<u>\$ 248,000</u>	<u>\$ 245,714</u>	<u>\$ 247,317</u>
Debt Service			
Principal	\$ 148,331	\$ 148,331	\$ 164,081
Interest and Fees	4,419	4,419	4,419
	<u>\$ 152,750</u>	<u>\$ 152,750</u>	<u>\$ 168,500</u>
Total Expenditures	<u>\$ 11,918,756</u>	<u>\$ 10,939,681</u>	<u>\$ 10,974,496</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (1,079,090)</u>	<u>\$ 1,025,213</u>	<u>\$ 975,031</u>
OTHER FINANCING SOURCES/(USES)			
Transfers In/(Out)	<u>(728,360)</u>	<u>(728,360)</u>	<u>(728,360)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,807,450)</u>	<u>\$ 296,853</u>	<u>\$ 246,671</u>
FUND BALANCE - MAY 1, 2023			13,676,362
FUND BALANCE ADJUSTMENT (Note 22)			<u>(222,213)</u>
FUND BALANCE - APRIL 30, 2024			<u>\$ 13,700,820</u>

See Accompanying Independent Auditor's Report

VILLAGE OF HARWOOD HEIGHTS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 SPECIAL REVENUE FUND - MOTOR FUEL TAX FUND
 FOR THE YEAR ENDED APRIL 30, 2024

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Intergovernmental			
State Motor Fuel Tax	\$ 357,000	\$ 419,500	\$ 398,133
Grants	-	-	18,963
Other Local Sources			
Interest Income	15,000	56,000	56,275
Total Revenues	<u>\$ 372,000</u>	<u>\$ 475,500</u>	<u>\$ 473,371</u>
EXPENDITURES			
Current			
Public Works	\$ 59,000	\$ 40,840	\$ 42,722
Total Expenditures	<u>\$ 59,000</u>	<u>\$ 40,840</u>	<u>\$ 42,722</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 313,000	\$ 434,660	\$ 430,649
OTHER FINANCING SOURCES/(USES)			
Transfers Out	<u>(1,000,000)</u>	-	-
NET CHANGE IN FUND BALANCE	<u>\$ (687,000)</u>	<u>\$ 434,660</u>	\$ 430,649
FUND BALANCE - MAY 1, 2023			<u>1,026,060</u>
FUND BALANCE - APRIL 30, 2024			<u>\$ 1,456,709</u>

See Accompanying Independent Auditor's Report

VILLAGE OF HARWOOD HEIGHTS, ILLINOIS
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 APRIL 30, 2024

NOTE 1 - BUDGET

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all the Village’s funds. All annual budgets lapse at fiscal year-end. All operating departments of the Village submit budget requests to the Budget Officer, who is appointed by the Mayor, so that a budget may be prepared.

The budget is prepared by fund, function, department, and object, and includes information on the past three years, and current year requested budgets. The Village adopts a balanced operating budget where projected revenues are equal to budgeted expenditures, with the exception of the Capital Projects Fund and other projects funded from existing resources (fund balance).

The proposed budget is presented to the Board of Trustees for approval by April 30. The governing body then approves the appropriation ordinance.

Once the annual appropriation ordinance is enacted, the Village’s original budget may be adjusted using one of the following methods:

- Budget adjustment – this involves a reallocation of existing appropriations and does not change the Fund’s overall budget. In accordance with the budget officer ordinance adopted by the Village, the Department Heads are authorized to delete, add to, change or create subclasses within object classes budgeted previously to the department, subject to the prior approval of the Budget Officer and the Mayor.
- Budget amendment – this provides an addition to or reduction of existing budget authority which results in a change to the Fund’s bottom line. This type of change requires an ordinance that amends the original budget and states the sources of funding for the incremental for the change. At least yearly, the Budget Officer will prepare a formal resolution for filing with the County Clerk which will include all of the quarter’s amendments passed by motions and presented to the Village Board for approval.

The original budget was adopted by the governing body on May 25, 2023. The amended budget was adopted by the governing body on April 25, 2024.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2024, the following governmental funds presented as Required Supplementary Information had expenditures that exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
General	\$ 10,939,681	\$ 10,974,496	\$ 34,815
Motor Fuel Tax	40,840	42,722	1,882

SUPPLEMENTARY INFORMATION

VILLAGE OF HARWOOD HEIGHTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL OBLIGATION BONDS FUND
FOR THE YEAR ENDED APRIL 30, 2024

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local Taxes			
Property Tax	\$ 335,904	\$ 335,904	\$ 555,280
Total Revenues	<u>\$ 335,904</u>	<u>\$ 335,904</u>	<u>\$ 555,280</u>
EXPENDITURES			
Current			
Principal	\$ 755,000	\$ 674,000	\$ 755,000
Interest and Fees	388,548	388,473	388,473
Total Expenditures	<u>\$ 1,143,548</u>	<u>\$ 1,062,473</u>	<u>\$ 1,143,473</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (807,644)</u>	<u>\$ (726,569)</u>	<u>\$ (588,193)</u>
OTHER FINANCING SOURCES/(USES)			
Transfers In	\$ 728,360	\$ 728,360	\$ 728,360
Transfer Out	(205,667)	(205,667)	(205,667)
	<u>\$ 522,693</u>	<u>\$ 522,693</u>	<u>\$ 522,693</u>
NET CHANGE IN FUND BALANCE	<u>\$ (284,951)</u>	<u>\$ (203,876)</u>	\$ (65,500)
FUND BALANCE - MAY 1, 2023			<u>243,515</u>
FUND BALANCE - APRIL 30, 2024			<u>\$ 178,015</u>

See Accompanying Independent Auditor's Report

VILLAGE OF HARWOOD HEIGHTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED APRIL 30, 2024

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Intergovernmental			
Grants	\$ 9,112,000	\$ 3,000,000	\$ 4,085,656
Total Revenues	<u>\$ 9,112,000</u>	<u>\$ 3,000,000</u>	<u>\$ 4,085,656</u>
EXPENDITURES			
Capital Outlay	\$ 10,108,315	\$ 3,014,464	\$ 4,532,683
Total Expenditures	<u>\$ 10,108,315</u>	<u>\$ 3,014,464</u>	<u>\$ 4,532,683</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (996,315)	\$ (14,464)	\$ (447,027)
OTHER FINANCING SOURCES/(USES)			
Transfers	<u>1,000,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,685</u>	<u>\$ (14,464)</u>	\$ (447,027)
FUND BALANCE - MAY 1, 2023			<u>(12,277)</u>
FUND BALANCE - APRIL 30, 2024			<u>\$ (459,304)</u>

See Accompanying Independent Auditor's Report

VILLAGE OF HARWOOD HEIGHTS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 APRIL 30, 2024

	Special Revenue Funds		SSA Debt Service	Total Nonmajor Governmental Funds
	Criminal Investigation	DUI		
ASSETS				
Cash and Investments	\$ 18,818	\$ 5,213	\$ 255,012	\$ 279,043
TOTAL ASSETS	\$ 18,818	\$ 5,213	\$ 255,012	\$ 279,043
LIABILITIES				
Due to Other Funds	\$ -	\$ -	\$ 384,896	\$ 384,896
TOTAL LIABILITIES	\$ -	\$ -	\$ 384,896	\$ 384,896
FUND BALANCES				
Restricted for:				
Public Safety	\$ 18,818	\$ 5,213	\$ -	\$ 24,031
Unassigned	-	-	(129,884)	(129,884)
TOTAL FUND BALANCES	\$ 18,818	\$ 5,213	\$ (129,884)	\$ (105,853)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 18,818	\$ 5,213	\$ 255,012	\$ 279,043

See Accompanying Independent Auditor's Report

VILLAGE OF HARWOOD HEIGHTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED APRIL 30, 2024

	<u>Special Revenue Funds</u>		SSA Debt Service	Total Nonmajor Governmental Funds
	<u>Criminal Investigation</u>	<u>DUI</u>		
REVENUES				
Taxes	\$ -	\$ -	\$ 4,610	\$ 4,610
Investment Income	-	2	2,329	2,331
Total Revenues	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 6,939</u>	<u>\$ 6,941</u>
EXPENDITURES				
Current				
General Government	\$ 5	-	\$ 113	\$ 118
Total Expenditures	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 113</u>	<u>\$ 118</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (5)	\$ 2	\$ 6,826	\$ 6,823
OTHER FINANCING SOURCES/(USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	\$ (5)	\$ 2	\$ 6,826	\$ 6,823
FUND BALANCES - MAY 1, 2023	<u>18,823</u>	<u>5,211</u>	<u>(136,710)</u>	<u>(112,676)</u>
FUND BALANCES - APRIL 30, 2024	<u>\$ 18,818</u>	<u>\$ 5,213</u>	<u>\$ (129,884)</u>	<u>\$ (105,853)</u>

See Accompanying Independent Auditor's Report

VILLAGE OF HARWOOD HEIGHTS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 SPECIAL REVENUE FUND - CRIMINAL INVESTIGATION FUND
 FOR THE YEAR ENDED APRIL 30, 2024

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Criminal Seizures	\$ 500	\$ -	\$ -
Total Revenue	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>
Total Revenues			
EXPENDITURES			
Current			
General Government	\$ -	\$ 5	\$ 5
Total Expenditures	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 500	\$ (5)	\$ (5)
OTHER FINANCING SOURCES/(USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 500</u>	<u>\$ (5)</u>	\$ (5)
FUND BALANCE - MAY 1, 2023			<u>18,823</u>
FUND BALANCE - APRIL 30, 2024			<u>\$ 18,818</u>

See Accompanying Independent Auditor's Report

VILLAGE OF HARWOOD HEIGHTS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 SPECIAL REVENUE FUND - DUI FUND
 FOR THE YEAR ENDED APRIL 30, 2024

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Fines	\$ 1,000	\$ -	\$ -
Interest	-	2	2
Total Revenues	<u>\$ 1,000</u>	<u>\$ 2</u>	<u>\$ 2</u>
EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,000	\$ 2	\$ 2
OTHER FINANCING SOURCES/(USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,000</u>	<u>\$ 2</u>	\$ 2
FUND BALANCE - MAY 1, 2023			<u>5,211</u>
FUND BALANCE - APRIL 30, 2024			<u>\$ 5,213</u>

See Accompanying Independent Auditor's Report

VILLAGE OF HARWOOD HEIGHTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SSA DEBT SERVICE FUND
FOR THE YEAR ENDED APRIL 30, 2024

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local Taxes			
Property Tax	\$ 5,000	\$ 4,610	\$ 4,610
Interest	2,000	2,500	2,329
Total Revenues	<u>\$ 7,000</u>	<u>\$ 7,110</u>	<u>\$ 6,939</u>
EXPENDITURES			
Current			
General Government	\$ 1,500	\$ 113	\$ 113
Total Expenditures	<u>\$ 1,500</u>	<u>\$ 113</u>	<u>\$ 113</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 5,500	\$ 6,997	\$ 6,826
OTHER FINANCING SOURCES/(USES)	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ 5,500</u>	<u>\$ 6,997</u>	\$ 6,826
FUND BALANCE - MAY 1, 2023			<u>(136,710)</u>
FUND BALANCE - APRIL 30, 2024			<u>\$ (129,884)</u>

See Accompanying Independent Auditor's Report

VILLAGE OF HARWOOD HEIGHTS
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL
ENTERPRISE FUND
FOR THE YEAR ENDED APRIL 30, 2024

	Budgeted Amounts		Actual Amounts
	Original	Final	
OPERATING REVENUES			
Charges for Services	\$ 2,810,000	\$ 2,779,800	\$ 2,747,580
Penalties	20,000	60,000	59,701
TOTAL OPERATING REVENUES	<u>\$ 2,830,000</u>	<u>\$ 2,839,800</u>	<u>\$ 2,807,281</u>
OPERATING EXPENSES			
Operations			
Salaries and Benefits	\$ 526,551	\$ 503,941	\$ 427,746
Cost of Sales and Services	2,199,094	2,103,429	2,113,330
Capital Projects	535,000	30,616	13,166
Depreciation	200,000	200,000	198,012
TOTAL OPERATING EXPENSES	<u>\$ 3,460,645</u>	<u>\$ 2,837,986</u>	<u>\$ 2,752,254</u>
NON-OPERATING REVENUE/(EXPENSE)			
Interest Income	\$ 100	\$ 110	\$ 7,638
Rental Income	40,579	40,579	36,025
Interest Expense	(45,132)	(45,132)	(44,489)
Grant Revenue	400,000	-	-
Other Miscellaneous Income	2,500	11,942	12,442
TOTAL NON-OPERATING REVENUE/(EXPENSE)	<u>\$ 398,047</u>	<u>\$ 7,499</u>	<u>\$ 11,616</u>
INCOME/(LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>\$ (232,598)</u>	<u>\$ 9,313</u>	<u>\$ 66,643</u>
TRANSFERS (TO)/FROM OTHER FUNDS	<u>205,667</u>	<u>205,667</u>	<u>205,667</u>
CHANGE IN NET POSITION	<u>\$ (26,931)</u>	<u>\$ 214,980</u>	<u>\$ 272,310</u>
NET POSITION - MAY 1, 2023			5,150,459
NET POSITION ADJUSTMENT (Note 22)			<u>193,318</u>
NET POSITION - APRIL 30, 2024			<u>\$ 5,616,087</u>

See Accompanying Independent Auditor's Report

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF HARWOOD HEIGHTS
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS

	2024	2023	2022	2021	2020
Revenues					
Taxes	\$ 5,667,164	\$ 5,898,554	\$ 5,876,802	\$ 5,165,436	\$ 5,649,900
Intergovernmental	8,813,222	3,840,960	4,512,876	4,706,282	2,880,155
Other Local Sources					
Licenses and Permits	683,669	479,090	482,997	452,837	513,490
Fines and Forfeitures	667,056	683,541	728,596	623,090	997,033
Charges for Services	381,505	367,123	339,434	250,859	275,140
Investment Income	690,548	435,030	12,947	4,334	27,262
Miscellaneous	167,611	230,560	209,940	75,823	147,615
Total Revenues	<u>17,070,775</u>	<u>11,934,858</u>	<u>12,163,592</u>	<u>11,278,661</u>	<u>10,490,595</u>
Expenditures					
General Government	\$ 1,832,657	\$ 1,804,351	\$ 1,638,855	\$ 1,615,063	\$ 1,794,446
Public Safety	6,930,445	7,530,976	5,770,473	5,668,947	5,714,695
Public Works	1,517,171	1,455,033	1,355,245	1,361,591	1,407,196
Economic Development	321,246	-	-	-	-
Miscellaneous	-	117	6,385	9,842	13,703
Capital Outlay	4,780,000	897,364	1,648,593	219,362	916,253
Debt Services	1,311,973	1,350,294	997,975	786,387	802,383
Total Expenditures	<u>16,693,492</u>	<u>13,038,135</u>	<u>11,417,526</u>	<u>9,661,192</u>	<u>10,648,676</u>
Other Financing Sources (Uses)					
Transfers	\$ (205,667)	\$ (205,667)	\$ (205,667)	\$ (205,667)	\$ (205,667)
Issuance of Debt	-	84,150	11,170,000	-	138,860
Discount on Debt Issuance	-	-	(48,912)	-	-
Total Other Financing Sources/(Uses)	<u>(205,667)</u>	<u>(121,517)</u>	<u>10,915,421</u>	<u>(205,667)</u>	<u>(66,807)</u>
Net Change in Fund Balance	\$ 171,616	\$ (1,224,794)	\$ 11,661,487	\$ 1,411,802	\$ (224,888)
Fund Balances - Beginning of Year	14,820,984	16,045,778	4,384,291	2,952,527	3,177,415
Fund Balance Adjustment	<u>(222,213)</u>	<u>-</u>	<u>-</u>	<u>19,962</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 14,770,387</u>	<u>\$ 14,820,984</u>	<u>\$ 16,045,778</u>	<u>\$ 4,384,291</u>	<u>\$ 2,952,527</u>

See Accompanying Independent Auditor's Report

VILLAGE OF HARWOOD HEIGHTS
NET POSITION (DEFICIT) BY COMPONENT
LAST FIVE FISCAL YEARS

	2024	2023	2022	2021	2020
Governmental Activities					
Net Investment in Capital Assets	\$ 15,991,303	\$ 12,625,494	\$ 12,464,204	\$ 11,118,377	\$ 11,127,383
Restricted	1,658,755	9,653,509	11,734,561	1,638,198	1,423,385
Unrestricted	(16,537,024)	(24,904,336)	(25,732,859)	(15,634,325)	(15,606,549)
Total Governmental Activities	<u>\$ 1,113,034</u>	<u>\$ (2,625,333)</u>	<u>\$ (1,534,094)</u>	<u>\$ (2,877,750)</u>	<u>\$ (3,055,781)</u>
Business-Type Activities					
Net Investment in Capital Assets	\$ 4,210,858	\$ 4,216,404	\$ 4,021,607	\$ 3,930,696	\$ 3,924,199
Unrestricted	1,405,229	934,055	756,229	209,661	(202,228)
Total Business-Type Activities	<u>\$ 5,616,087</u>	<u>\$ 5,150,459</u>	<u>\$ 4,777,836</u>	<u>\$ 4,140,357</u>	<u>\$ 3,721,971</u>
Total	<u><u>\$ 6,729,121</u></u>	<u><u>\$ 2,525,126</u></u>	<u><u>\$ 3,243,742</u></u>	<u><u>\$ 1,262,607</u></u>	<u><u>\$ 666,190</u></u>

See Accompanying Independent Auditor's Report

ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Trustees
Village of Harwood Heights, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited

Village of Harwood Heights'

compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Village of Harwood Heights' major federal programs for the year ended April 30, 2024. Village of Harwood Heights' major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Village of Harwood Heights complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Village's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Village's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village's compliance based on our audit. 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, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Village's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2024-002. Our opinion on each major federal program is not modified with respect to this matter. Government Auditing Standards requires the auditor to perform limited procedures on Village of Harwood Heights' response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Village of Harwood Heights' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

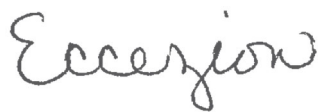
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a

federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Eccezion
Strategic Business Solutions

McHenry, Illinois
August 5, 2025

Village of Harwood Heights
Schedule of Expenditures of Federal Awards by Grant
For the Year Ended April 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Other Award Number	Dates of Program	Expenditures 5/1/2023 to 4/30/2024
U.S. Department of Homeland Security Federal Emergency Management Agency Passed Through Illinois Emergency Management Agency Hazard Mitigation Grant Program (M) Subtotal CFDA 97.039	97.039	FEMA-4489-DR-IL	08/21/2021-02/01/2026	\$ 1,064,763 <u>\$ 1,064,763</u>
Total CFDA "97"				<u>\$ 1,064,763</u>
U.S. Department of Treasury Passed Through the State of Illinois Covid-19 Coronavirus State and Local Fiscal Recovery Funds (M) Subtotal CFDA 21.027	21.027	n/a	12/29/2021-12/31/2024	\$ 1,133,993 <u>\$ 1,133,993</u>
Total CFDA "21"				<u>\$ 1,133,993</u>
Highway Safety Cluster U.S. Department of Transportation Passed Through Illinois Department of Transportation State and Community Highway Safety Subtotal CFDA 20.600	20.600	HS-24-0116	10/01/2023 - 09/30/2024	\$ 43,029 <u>\$ 43,029</u>
Total CFDA "20"				<u>\$ 43,029</u>
Total Highway Safety Cluster				<u>\$ 43,029</u>
U.S. Department of Justice Bulletproof Vest Partnership Program Subtotal CFDA 16.607	16.607	n/a	04/01/2021 - 8/31/2024	\$ 3,368 <u>\$ 3,368</u>
Total CFDA "16"				<u>\$ 3,368</u>
Total Federal Assistance:				<u><u>\$ 2,245,153</u></u>

(M) - Denotes Major Program

VILLAGE OF HARWOOD HEIGHTS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
APRIL 30, 2024

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal award activity of Village of Harwood Heights under programs of the federal government for the year ended April 30, 2024. The information in this Schedule is presented in accordance with requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, and used in the preparation of, the basic financial statements.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

The Village has elected not to use the 10 percent de minimis indirect rate as allowed under the Uniform Guidance.

NOTE 4 - SUBRECIPIENTS

The Village did not provide federal awards to subrecipients during the year ended April 30, 2024.

NOTE 5 - FEDERAL LOANS

There were no federal loans or loan guarantees outstanding at year end.

NOTE 6 - DONATED PERSONAL PROTECTIVE EQUIPMENT (PPE) (UNAUDITED)

The Village received no federally donated PPE.

VILLAGE OF HARWOOD HEIGHTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED APRIL 30, 2024

1) Summary of auditor's results:

- a) The auditor's report expresses an unmodified opinion on whether the financial statements of the Village of Harwood Heights were prepared in accordance with GAAP.
- b) One material weakness disclosed during the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No significant deficiencies are reported during the audit of the financial statements.
- c) No instances of noncompliance material to the financial statements of the Village of Harwood Heights, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- d) No deficiencies in internal control over major federal awards, disclosed during the audit, are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses in internal control over major federal award programs are reported.
- e) The auditor's report on compliance for the major federal award programs for the Village of Harwood Heights expresses an unmodified opinion on all major federal programs.
- f) Audit findings that are required to be reported in accordance with Uniform Guidance 2 CFR section 200.516(a) are reported in this schedule.
- g) The following programs were tested as major programs: Hazard Mitigation Grant Program – CFDA number 97.039 and Covid-19 Coronavirus State and Local Fiscal Recovery Funds – CFDA number 21.027.
- h) The threshold used for distinguishing between Type A and B programs was \$750,000.
- i) The Village of Harwood Heights was determined to not be a low-risk auditee.

2) A finding related to the financial statements which is required to be reported is detailed in finding number 2024-001.

3) A finding related to federal awards which is required to be reported is detailed in finding number 2024-002.

VILLAGE OF HARWOOD HEIGHTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED APRIL 30, 2024

MATERIAL WEAKNESS

FINDING NUMBER: 2024-001

Criteria or specific requirement:

Management is responsible for the accuracy and completeness of all financial records. This includes having controls over the financial reporting process which serve to prevent and detect errors in financial reporting that ensure that the financial statements are free of material misstatements.

Condition:

During the audit, some misstatements were noted that resulted in material adjustments.

Context:

Adjusting journal entries were made to correct materially misstated amounts in the financial statements (grant revenues/receivables, prior period adjustments, due to/from issues, IMRF/OPEB, property taxes).

Effect:

Financial statements were materially misstated before the audit adjustments.

Cause:

The Village's control activities failed to identify and correct existing misstatements.

Recommendation:

Management should attempt to develop a process to identify potential adjustments throughout the year and during the year end reporting process to minimize potential adjustments by the auditor.

Management's response:

Management will improve their control activities to ensure that potential adjustments are identified and corrected before the audit.

VILLAGE OF HARWOOD HEIGHTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS FINDINGS
FOR THE YEAR ENDED APRIL 30, 2024

MATERIAL WEAKNESS

FINDING NUMBER: 2024-002

Criteria or specific requirement:

Management is responsible for complying with grant agreement requirements.

Condition:

During the audit it was noted that management had difficulties providing expenditure reports for the federal grants. It was also noted that for the SLFRF grant performance reports that are due annually (30 days following the end of the period) were submitted late in the case of the 2024 grant.

Context:

It was difficult to obtain expenditure reports needed to tie out federal award expenditures. One of the performance reports was submitted late for the SLFRF grant.

Effect:

Misstatements of grant expenditures might not be caught timely, and the Schedule of Expenditures of Federal Awards could be misstated. The Village could potentially lose funding due to required grant reports being submitted late.

Cause:

The Village's control activities and monitoring processes did not identify existing issues related to grant expenditure reports, as well as the requirement for timely submission of performance reports, in the case of the SLFRF grant.

Recommendation:

Management should review grant expenditure reports throughout the year to make sure that information is available timely for all grants. Management should improve their internal control processes to ensure that grant performance reports are filed as required based on the grant agreement.

Management's response:

Management will monitor grant expenditure reports closely and will improve their control activities to ensure that grant performance reports are filed as required by the grant agreement.



Dedicated to Serving People with Pride

Mayor
ARLENE C. JEZIERNY

Village Clerk
MARCIA L. FOLLOWY

Trustees
EUGENE J. BRUTTO
ANNETTE BRZEZNIAK-VOLPE
ANNA BRZozowski WEGRECKI
ZBIGNIEW LEWANDOWSKI
LAWRENCE R. STEINER
GIUSEPPE S. ZERILLO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED APRIL 30, 2024

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
n/a	None noted	n/a



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**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED APRIL 30, 2024**

FINDING NUMBER: 2024-001

Condition:

During the audit, some misstatements were noted that resulted in material adjustments.

Plan:

Management will improve their control activities to ensure that potential adjustments are identified and corrected before the audit.

Anticipated Date of Completion: As soon as possible – before FY26 year end

Name of Contact Person: Mary Ventrella, CPA - Finance Director

Management Response: Since the audit, we have evaluated our control activities to ensure that financial statement misstatements are identified and corrected throughout the year.



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**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED APRIL 30, 2024**

FINDING NUMBER: 2024-002

Condition:

During the audit it was noted that management had difficulties providing expenditure reports for the federal grants. It was also noted that for the SLFRF grant, performance reports that are due annually, 30 days following the end of the period, were submitted late in the case of the 2024 grant.

Plan:

Management will monitor grant expenditure reports closely and will improve their control activities to ensure that grant performance reports are filed as required by the grant agreement.

Anticipated Date of Completion: As soon as possible – before FY26 year end

Name of Contact Person: Mary Ventrella, CPA - Finance Director

Management Response: Since the audit, we have evaluated our monitoring procedures and control activities to ensure that grant expenditure reports are readily available and grant performance reports are filed timely.