

VILLAGE OF LINCOLNWOOD, ILLINOIS

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**For the Fiscal Year Ended
December 31, 2024**

**Prepared by
Finance Department**

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INTRODUCTORY SECTION

VILLAGE OF LINCOLNWOOD, ILLINOIS

List of Principal Officials December 31, 2024

LEGISLATIVE

Village President

Jesal B. Patel, Sr.

Board of Trustees

Grace Diaz-Herrera, Trustee

Chris Martel, Trustee

Jean Ikezoe-Halevi, Trustee

Mohammed Saleem, Trustee

Craig Klatzco, Trustee

Atour Sargon, Trustee

Village Clerk

Beryl Herman

Village Attorney

Steven Elrod

Village Treasurer

John Risko

ADMINISTRATIVE

Anne Marie Gaura, Village Manager

Madeline Farrell, Assistant Village Manager

Jason Parrott, Chief of Police

Barry Liss, Fire Chief

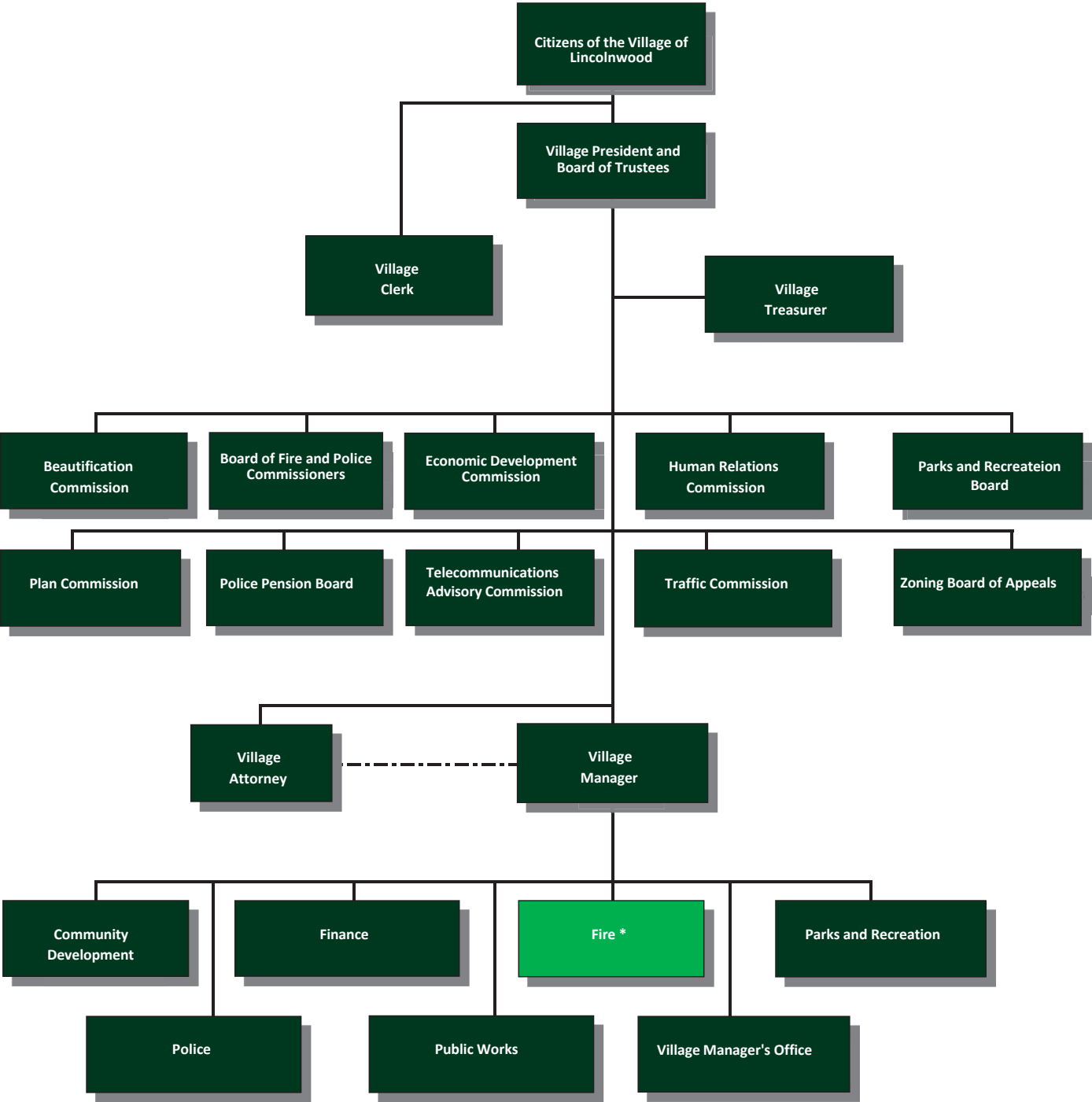
Scott Mangum, Director of Community Development

John Risko, Director of Finance

Karen Hawk, Director of Parks and Recreation

John Welch, Director of Public Works

ORGANIZATIONAL CHART



* Contracted Service

VILLAGE PRESIDENT
Jesal Patel

VILLAGE CLERK
Sokol Delisi

VILLAGE MANAGER
Anne Marie Gaura



TRUSTEES
Neal Gussis
Jean Ikezoe-Halevi
Grace Diaz Herrera
Craig L. Klatzco
Christopher M. Martel
Atour Toma Sargon

November 5, 2025

The Honorable Jesal Patel, Village President
Members of the Board of Trustees and
Citizens of the Village of Lincolnwood
Village of Lincolnwood, Illinois

The Annual Comprehensive Financial Report (ACFR) of the Village of Lincolnwood, Illinois for the fiscal year ended December 31, 2024 is hereby respectfully submitted. Illinois State law requires an annual audit for local governments. The audit must be conducted in accordance with generally accepted auditing standards, include all of the accounts and funds of the Village, and be completed within six months after the close of the fiscal year. This report was delayed due to a number of factors. The ACFR for the fiscal year ended April 30, 2023 was not published until October 2024. The ACFR for the stub year May 1, 2023 to December 31, 2023 was not published until June 2025 due to the delay in the FY2023 ACFR and the change in fiscal year. In 2023 through 2025, the Finance Department has experienced significant vacancies and turnover. However, in accordance with the law, the report is finalized and is now being presented. The Village is required to issue a report on its financial position and activity presented in conformance with generally accepted accounting principles (GAAP). The ACFR strives to exceed the basic legal requirements of state law and provides additional information to assist readers in understanding the Village's fiscal condition.

The financial statements included in this report depict the Village's financial position and the changes in that financial position as of December 31, 2024. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements. The Village of Lincolnwood's financial statements have been audited by Sikich, CPA LLC, a firm of licensed independent auditors that were selected by the Village of Board Trustees as the independent auditors for the Village. Sikich, CPA LLC, has issued an unmodified ("clean") opinion on the Village of Lincolnwood financial statements for the period ended December 31, 2024.

The auditor's report is presented as the first component of the financial section of this report. A narrative introduction, overview, and analysis accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). The transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The Village of Lincolnwood's MD&A can be found immediately following the report of the independent auditors and will provide further information regarding the format and content of this report.



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Profile of the Village of Lincolnwood

The Village of Lincolnwood is a home-rule community as defined by the Illinois State Constitution of 1970 and was incorporated in 1911 as Village of Tessville, Illinois. In 1936, Tessville formally became the Village of Lincolnwood. Lincolnwood is a mature community that is home to 13,463 (*as of the 2020 census*) culturally diverse citizens and located 10 miles northwest of downtown Chicago.

The Village provides a variety of governmental services. Services include police and fire protection, repairs and maintenance of streets and infrastructure, garbage, yard-waste, and recycling services, property inspections and issuing of permits services, recreational and social services, water and sewer services, and other governmental services. The Village is financially responsible for the Lincolnwood Parks & Recreation Department and therefore has been included as an integral part of the basic financial statements of the Village. In addition to these services, the Village is also responsible for constructing and maintaining significant infrastructure assets that are directly utilized by the public or are utilized by the Village to provide services to the public including streets; water, sanitary sewer and storm sewer mains; sidewalks and bikeways; and municipal water system that provides a reliable source of potable water purchased from the City of Evanston.

The Village President and the Trustees are elected at large serving staggering four-year terms. The Village Clerk is also elected. The Village Treasurer, the Village Manager and the Village Attorney are appointed by the Village Board of Trustees. The Village employs approximately 101 full-time and regular part-time employees and 270 seasonal summer employees in the Parks and Recreation and Public Works Departments.

The Village's police officers are members of the Illinois Fraternal Order of Police (FOP) whose collective bargaining agreement expires December 31, 2026 and the Public Works Department employees of the Village are members of the International Brotherhood of Teamsters whose collective bargaining agreement expires December 31, 2027. All other employees of the Village are not represented by any collective bargaining organization. Since 1990 the Village has contracted with Paramedic Services of Illinois (PSI) which provides fire protection and emergency medical services. The current contract with PSI will expire on December 31, 2027.

All of the accounting funds of the Village are included in the ACFR and are utilized to account for the revenues and expenses for all of the services provided by the Village. The annual budget is the primary guidance document for the Village's financial planning.

Financial Policies

The Village of Lincolnwood's Financial Policies provide the basic framework for the fiscal management of the Village. The policies provide guidelines for evaluating both current activities and proposals for future programs. Most of the policies represent longstanding principles, traditions and practices that have guided the Village in the past and have helped maintain the Village's financial stability. Those policies relate to financial stability and reporting, debt issuance, investment and cash management, purchasing, and budget development and amendments.

FACTORS AFFECTING FINANCIAL CONDITION

The information as presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment from within which the Village operates.

Local Economy

The Village's financial position is very strong with a bond rating of Aa2. The most recent Moody's Investors Service report references the Village's long history of maintaining very strong operating reserves and its light debt burden. The report also notes, like many Illinois municipalities, the Village's primary credit challenge is its pension burden. Despite the economic and operational impact of the pandemic, the Village's financial policies and sound fiscal decisions over the past several years have positioned the Village to "weather the storm" without reducing core services. This is due, in large part, to the Village's ability to absorb a reduction in some revenues by relying on fund reserves that have been built over time.

There are several factors that impact the local finances of the Village. The Village is impacted by regional, state, and national economic conditions as well as governance of the State of Illinois. Several important revenue sources are affected by economic conditions beyond the Village's control. These sources include sales tax, building permit fees, income tax, motor fuel tax, and utility taxes. The State of Illinois may also impact revenues through legislative changes (i.e. formula for shared income tax, etc.) and by adjusting the timeliness of payments due to the Village.

The Village is diverse with major retail centers and various commercial and industrial areas. In Fiscal Year 2022 and in January 2025, the Village issued Tax Increment Financing (TIF) notes for the District 1860 Development. The Development is a project led by Tucker Development to redevelop the former Purple Hotel Site located at the intersection of Touhy and Lincoln Avenues. The TIF notes were issued by the Village and the debt service payments on the notes are funded by the tax increment created by the new development. The Village actively encourages economic development and the TIF redevelopment districts have served as catalysts for continued retail growth.

Long-Term Financial Planning

The Village is in the process of reviewing long-range issues and the funding alternatives for major improvements to infrastructure and equipment replacement. The goal of the planning process is to put the Village on firm ground to provide for the planned major upgrades and the continued viability of the infrastructure network.

A tool in managing the long-range planning process of the Village is the Five-Year Capital Improvement Program (CIP). The CIP is the result of an ongoing infrastructure and vehicles/equipment planning process. These planning decisions are made with regard to both existing and new facilities and equipment. For existing facilities, the planning process addresses appropriate maintenance strategies and repair versus replacement of facilities. New service demands are also considered since they will affect capital facility requirements as well.

The Five-Year Capital Improvement Program for 2025-2029 anticipated that the Village will spend approximately \$86.2 million in water and sewer, flood control, street, public building, parks and recreation, equipment and other capital improvement projects. In adherence with Village financial policies, staff is constantly seeking public and private grants and other outside sources of revenues to fund these projects.

Financial Management

One of the foundations of successful financial management is the establishment and maintenance of effective internal controls and accounting policies and procedures. It is the responsibility of the Village Management to establish a comprehensive internal control framework that is designed to ensure the assets of the Village are protected from loss, theft or misuse. The internal controls in conjunction with accounting policies and procedures are critical to compiling sufficiently reliable information for the preparation of financial statements that conform to generally accepted accounting principles.

The Village maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget approved by the Village Board. Activities of the General Fund, Debt Service Fund, Capital Projects Fund, Enterprise Funds, and Pension Trust Funds are included in the annual budget.

The level of budgetary control (the level at which expenditures cannot legally exceed the budgeted amount) is established at the fund level. Budget to actual comparisons are provided in this report for each fund of the Village.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Lincolnwood for its Annual Comprehensive Financial Report for the fiscal year ended April 30, 2023. In order to receive this prestigious award, the Village published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. Due to the delay in publishing the ACFR for Stub Year 2023, the Village was unable to submit its report to the GFOA for award consideration. However, the Village believes that the current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and the Village will submit it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of the Annual Comprehensive Financial Report could not be accomplished without the efficient and dedicated services of Finance Director Elizabeth Holleb and the entire staff of the Finance Department. I would like to express my appreciation to all members of the department who helped and contributed to its preparation. A special note of thanks to the Village President and Board of Trustees for their assistance in planning and conducting the fiscal affairs of the Village in a responsible manner. It is the careful and conscientious attention on all levels of Village management and operational staff that has made the commendable preparation of this ACFR possible.

Respectfully Submitted,

Anne Marie Gaura

Anne Marie Gaura
Village Manager

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable Village President
Members of the Board of Trustees
Village of Lincolnwood, 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 the Village of Lincolnwood, Illinois (the Village) as of and for the fiscal year ended December 31, 2024, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Lincolnwood, Illinois as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Notes 6 and 13 to the financial statements, the Village adopted the Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended December 31, 2024. The implementation of GASB Statement No. 101 resulted in changes to accrual of compensated absence balances. Our opinion was not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information listed in 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 inquires 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 combining and individual fund financial statements and schedules and supplemental data as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and supplementary data are 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 combining and individual fund financial statements and schedules and supplemental data 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 information is 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 report. The other information comprises the introductory and statistical 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 a report dated November 5, 2025 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Sikich CPA LLC

Naperville, Illinois
November 5, 2025

1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

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**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***

The Honorable Mayor
Members of the Board of Trustees
Village of Lincolnwood, 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 the Village of Lincolnwood, Illinois (the Village), as of and for the year ended December 31, 2024, and the related notes to financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated November 5, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing the 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 the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2024-1 to be a material weakness.

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 entity'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Sikich CPA LLC

Naperville, Illinois
November 5, 2025

VILLAGE OF LINCOLNWOOD, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2024

MATERIAL WEAKNESSES

2024-1: Bank Reconciliations

Repeat of Finding SY-2023-2 (MATERIAL WEAKNESS)

Condition: Certain bank account reconciliations were not completed on a timely basis resulting in incomplete data and lack of timely review of certain Village transactions. Due to the volume of bank accounts the Village maintains deposits at, the Village has faced challenges maintaining a complete listing of bank accounts and properly monitoring activity in all accounts and completing reconciliations on a timely basis.

Recommendation: All cash accounts should be reconciled in the subsequent month. Completing bank reconciliations in a timely manner ensures that the Village has accurate information regarding bank activity and consistent review of cash transactions for unusual activity is being performed regularly and allows for any discrepancies to be addressed promptly. Additionally, the Village should consider consolidating accounts as allowable to eliminate unnecessary reporting burden and eases the difficulty of monitoring a large volume of accounts.

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

**VILLAGE OF LINCOLNWOOD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

December 31, 2024

The Management Discussion and Analysis (MD&A) section of the Village of Lincolnwood's Annual Comprehensive Financial Report presents discussion and analysis of the Village's financial activities during the Fiscal Year ending December 31, 2024. It should be noted that this is the first year to be reported on a calendar fiscal year following a reporting period of eight months covering the period May 1, 2023 to December 31, 2023. Therefore, comparison to the reporting period ended December 31, 2023 is impacted by the fiscal periods being different in length.

This section should be used in conjunction with the transmittal letter at the front of this report and with the Village's financial statements that follow this section. Where appropriate the MD&A refers to specific pages in the Annual Comprehensive Financial Report for additional information.

Financial Highlights

The following are some of the highlights to be reviewed in greater detail in this analysis (please see the Analysis of Village Funds section) and further presented by this Annual Financial Report:

1. The Village's total net position at December 31, 2024 (excluding pension funds) was \$29,542,318, an increase of \$2,932,054 over December 31, 2023.
2. The Village's governmental activities reported a net position of \$17,446,404.
3. As of the close of the current fiscal year, the Village's governmental funds reported combined fund balances of \$33,790,167. Of this amount, \$11,246,946 is available for spending at the Village's discretion (unassigned fund balance).
4. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$11,246,946.
5. The net change in capital assets less depreciation expense resulted in a \$835,002 increase in governmental assets balance from \$56,202,536 to \$57,037,538 and a \$7,441,309 increase in business-type capital assets from \$21,177,394 to \$28,618,703.

USING THE FINANCIAL SECTION OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

Overview of the Financial Statements

The principal focus of local government financial statements in the past has been by fund type data. This method of presentation has been modified to present two differing views of the Village's financial statements. The new financial statements' focus is on both the Village as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) 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.

VILLAGE OF LINCOLNWOOD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances similar to the corporate sector in that all governmental and business-type activities are consolidated into one total for the Primary Government.

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be similar to bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources (short-term available resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus (*see pages 8-9 of the Annual Comprehensive Financial Report for more information*).

The Statement of Activities is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities (*see pages 10-11 of the Annual Comprehensive Financial Report for more information*).

The Governmental Activities reflect the Village's basic services, including police, fire, public works, engineering, parks/recreation and general/debt administration. Property taxes, shared state sales tax, local utility tax, and shared state income taxes, finance the majority of these activities. The Business-type Activities reflect private sector type operations (Water and Sewer), where the fee for service typically covers all or most of the cost of operation, including depreciation.

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 uses fund accounting to ensure and demonstrate fiscal accountability and legal compliance. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds are presented on a source of use of liquid resources basis. This is the manner in which the budget is typically developed. Governmental Funds provide current resources (short-term) view that helps determine whether there are more or fewer current financial resources available to spend for Village operations.

Proprietary Funds account for services that are generally fully supported by user fees (i.e. charges to customers). Proprietary Funds are presented on a total economic resources' basis. Proprietary fund statements, like government-wide financials statements, provide both short and long-term financial information. The Village of Lincolnwood has one Proprietary fund, which is the Water and Sewer Fund.

Fiduciary funds are presented for certain activities where the Village's role is that of trustee (i.e. police pension fund) or agent. While fiduciary funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide financial statements.

VILLAGE OF LINCOLNWOOD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

While the total column (*see pages 16 and 17*) on the business-type activities fund financial statements is the same as the business-type column on the government-wide financial statement, the governmental major funds total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement (*see pages 13 and 15*). The flow of current financial resources will reflect bond proceeds and inter-fund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into the governmental activities' column (in the Government-wide statements).

Infrastructure (Capital) Assets

This statement requires that these assets be valued and reported within the governmental column of the government-wide statements. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful life or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach) which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The Village has chosen to depreciate assets over their useful life. If a road project is considered maintenance - a recurring cost that does not extend the road's original useful life or expand its capacity - the cost of the project will be expensed. An "overlay" of a road will be considered maintenance whereas a "rebuild" of a road will be capitalized.

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

Table I reflects the condensed Statement of Net Position as of December 31, 2024 with a comparison to December 31, 2023.

Net position related to governmental activities decreased \$4,203,010 or 19.41% from the prior period. Net position related to business-type activities increased \$953,470 or 8.56% from the prior period. Net position for the total primary government decreased \$3,249,540 or 9.91% from the prior period.

VILLAGE OF LINCOLNWOOD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Table I
Statement of Net Position
December 31, 2024

	Governmental Activities		Business-Type Activities		Total	
	12/31/24	12/31/23	12/31/24	12/31/23	12/31/24	12/31/23
Current and Other Assets	47,939,106	47,350,416	4,197,339	7,945,004	52,136,445	55,295,420
Capital Assets	57,037,538	56,202,536	28,618,703	21,177,394	85,656,241	77,379,930
Other Assets	127,423	157,681	-	-	127,423	157,681
Total Assets	105,104,067	103,710,633	32,816,042	29,122,398	137,920,109	132,833,031
Deferred Outflows	3,971,441	5,681,359	268,381	312,039	4,239,822	5,993,398
Total Assets/Deferred Outflows	109,075,508	109,391,992	33,084,423	29,434,437	142,159,931	138,826,429
Current Liabilities	6,369,759	8,139,119	529,764	1,204,402	6,899,523	9,343,521
Long-Term Liabilities	73,049,341	70,868,083	20,316,706	17,083,093	93,366,047	87,951,176
Total Liabilities	79,419,100	79,007,202	20,846,470	18,287,495	100,265,570	97,294,697
Deferred Inflows	12,210,604	8,735,376	142,039	4,498	12,352,643	8,739,874
Total Liabilities/Deferred Inflows	91,629,704	87,742,578	20,988,509	18,291,993	112,618,213	106,034,571
Net Position						
Net Investment in Capital Assets	19,919,678	28,871,054	8,659,864	4,037,725	28,579,542	32,908,779
Restricted	12,718,822	9,756,070	-	-	12,718,822	9,756,070
Unrestricted (Deficit)	(15,192,096)	(16,977,710)	3,436,050	7,104,719	(11,756,046)	(9,872,991)
Total Net Position	<u>\$ 17,446,404</u>	<u>\$ 21,649,414</u>	<u>\$ 12,095,914</u>	<u>\$ 11,142,444</u>	<u>\$ 29,542,318</u>	<u>\$ 32,791,858</u>

For more detailed information see the Statement of Net Position on pages 8-9 of the Annual Comprehensive Financial Report.

The Village had a deficit unrestricted net position for governmental activities which totaled \$(15,192,096) of its net position on December 31, 2024. An amount of \$12,718,822 reflects net position restricted for economic development, highway and streets, and retirement purposes. The remaining \$19,919,678 of net position reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, and construction in progress), less any outstanding debt used to acquire those assets. The Village uses these capital assets to provide service to citizens; consequently, these assets are not available for spending. Although the Village's investment in its 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.

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

1. **Net Results of Activities** will impact (increase/decrease) current assets and unrestricted net position.
2. **Borrowing for Capital** will increase current assets and long-term debt.

VILLAGE OF LINCOLNWOOD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

3. **Spending Borrowed Proceeds on New Capital** - will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt, which will not change the invested in capital assets, net of debt.
4. **Spending of Non-borrowed Current Assets on New Capital** will reduce current assets and increase capital assets and will reduce unrestricted net position and increase invested in capital assets, net of debt.
5. **Principal Payment on Debt** will reduce current assets and reduce long-term debt and reduce unrestricted net position and increase investment in capital assets, net of debt.
6. **Reduction of Capital Assets through Depreciation** will reduce capital assets and investment in capital assets, net of debt.

Current Year Impacts

The Village's combined net position (which is the Village's bottom line) decreased by \$3,249,540 as a result of the combined governmental activities and business-type activities.

Deferred outflows of the primary government decreased by \$1,753,576 and deferred inflows of the primary government increased by \$3,612,769.

Net position of the Village's governmental activities decreased from a balance of \$21,649,414 to \$17,446,404, a decrease of \$4,203,010 or 19.41% as a result of governmental activities. The Village's unrestricted net position for governmental activities, the part of net position that can be used to finance day-to-day operations, changed from (\$16,977,710) to (\$15,192,096).

Net position from business-type activities funding water and sewer operations increased from a balance of \$11,142,444 to \$12,095,914, an increase of \$953,470 or 8.56%. The unrestricted net position for business-type activities decreased from \$7,104,719 to \$3,123,105.

The Village has a restricted net position of \$13.0 million which is used primarily for economic development and highway and street improvements. Certain resources (e.g. Special Revenue Funds and Debt Service Funds), are generally used only for the purpose restricted by the specific revenue source.

Table II shows the revenue and expenses of the Village's governmental and business-type activities. For more information see the Statement of Activities on pages 10-11 of the Annual Comprehensive Financial Report.

VILLAGE OF LINCOLNWOOD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Table II: Statement of Changes in Net Position
Fiscal Periods Ended December 31, 2023 and December 31, 2024
(in millions)

	Governmental		Business-Type		Total	
	Activities		Activities			
	12 Months		12 Months		12 Months	
	Ended	8 Months Ended	Ended	8 Months Ended	Ended	8 Months Ended
	12/31/24	12/31/23	12/31/24	12/31/23	12/31/24	12/31/23
REVENUES						
Program Revenues:						
Charges for Services	4,494,529	5,426,702	5,281,995	3,721,625	9,776,524	9,148,327
Operating Grants /Contributions	2,968,696	481,799	-	-	2,968,696	481,799
Capital Grants /Contributions	447,206	65,681	-	-	447,206	65,681
General Revenues:					-	-
Property Taxes	9,399,383	3,853,295	-	-	9,399,383	3,853,295
Sales, income, and use taxes	12,789,506	8,660,184	-	-	12,789,506	8,660,184
Other Taxes	4,088,181	2,997,716	-	-	4,088,181	2,997,716
Other	3,347,693	1,873,671	92,645	139,112	3,440,338	2,012,783
Total Revenues	\$ 37,535,194	\$ 23,359,048	\$ 5,374,640	\$ 3,860,737	\$ 42,909,834	\$ 27,219,785
EXPENSES						
General Government	5,666,947	4,431,420	-	-	5,666,947	4,431,420
Public Safety	14,068,193	10,334,682	-	-	14,068,193	10,334,682
Water and Sewer	-	-	4,405,205	3,501,568	4,405,205	3,501,568
Parks & Recreation	4,284,486	3,043,323	-	-	4,284,486	3,043,323
Interest Expense	1,780,958	957,782	-	-	1,780,958	957,782
Highways and Streets	6,566,150	1,312,779	-	-	6,566,150	1,312,779
Economic Development	1,607,040	1,437,558	-	-	1,607,040	1,437,558
Sanitation	1,598,801	781,271	-	-	1,598,801	781,271
Total Expenses	\$ 35,572,575	\$ 22,298,815	\$ 4,405,205	\$ 3,501,568	\$ 39,977,780	\$ 25,800,383
Change in Net Position	1,962,619	1,060,233	969,435	359,169	2,932,054	1,419,402
Net Position - Beginning	21,649,414	20,589,181	11,142,444	10,783,275	32,791,858	31,372,456
Restatement	(6,165,629)	-	(15,965)	-	(6,181,594)	-
Net Position - Beginning (Restated)	15,483,785	20,589,181	11,126,479	10,783,275	26,610,264	31,372,456
Net Position - Ending	\$ 17,446,404	\$ 21,649,414	\$ 12,095,914	\$ 11,142,444	\$ 29,542,318	\$ 32,791,858

As noted previously, comparison between these two fiscal periods is challenging since they represent different time periods. Fiscal Year 2024 is reported for twelve months, while the stub year ended December 31, 2023, is reported for eight months. This is due to the Village's transition to a calendar fiscal year for 2024.

**VILLAGE OF LINCOLNWOOD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Normal Impacts

There are eight basic (normal) impacts on revenues and expenses as reflected below:

Revenues:

1. *Economic Condition:* Can reflect a declining, stable or growing economic environment and has a substantial impact on state income, sales, telecommunications and utility tax revenue as well as public spending habits for items such as building permits, elective user fees and volumes of consumption.
2. *Increase/Decrease in Village Approved Rates:* Although certain tax rates are set by statute, the Village Board has significant authority to impose and periodically increase/decrease rates (water, wastewater, impact fees, building fees, etc.)
3. *Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring):* Certain recurring revenues, such as state-shared revenue, may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.
4. *Market Impacts on Investment Income:* The Village's investment portfolio consists mainly of certificates of deposit and government securities. Market conditions may cause interest rates and investment income to fluctuate.

Expenses:

1. *Introduction of New Programs:* Within the functional expense categories (Public Safety, Public Works, General Government, etc.), individual programs may be added, deleted or modified to meet changing community needs.
2. *Increase in Authorized Personnel:* Changes in service demand may cause the Village Board to increase/decrease authorized staffing.
3. *Salary Increases (annual adjustments/merit):* The ability to attract and retain (employees) resources requires the Village to strive to approach a competitive salary structure in the marketplace.
4. *Inflation:* Overall inflation, as measured by the change in the consumer price index (CPI) from December to the next December, has varied significantly over the years. Also, as a major consumer of certain services and commodities such as supplies, fuel and parts, the Village often experiences increases that vary from the change in CPI factors listed above, especially with recently imposed tariffs on goods imported from outside of the United States.

VILLAGE OF LINCOLNWOOD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Current Year Impacts
Governmental Activities

Revenue:

For the fiscal year ended December 31, 2024, revenues from the governmental activities totaled \$37,535,194.

Property tax revenue was the largest source of revenue totaling \$9,399,383 and representing 25.0% of the total governmental activity revenue. The Village's adopted 2023 property tax levy was a 4.9% increase over the 2022 property tax levy. Municipal sales tax revenue was the Village's second largest revenue source totaling \$6,256,872 or 16.7% of the total. Calendar year municipal sales taxes remitted by the State of Illinois decreased in 2024 by \$40,977 or .65% compared to 2023.

Expenses:

For the fiscal year ended December 31, 2024, expenses for governmental activities totaled \$35,572,575. Expenses for the eight months ended December 31, 2023 totaled \$22,298,815, which adjusted for a full 12 months would equate to \$33,448,223. Expenses for calendar 2024 represent a 6.30% increase over the annualized stub year total.

Business-type Activities

Revenue

Revenue from business-type activity totaled \$5,374,640, which is 139% of the revenue generated for the eight months ended December 31, 2023. The primary revenue source is charges for services related to the Water and Sewer Fund. Effective January 1, 2024, water and sewer rates increased 2.8%.

Expenses

Expenses from business-type activity totaled \$4,405,205, which is 126% of the expenses for the eight months ended December 31, 2023.

The Water and Sewer Fund follows the same strict spending guidelines imposed on the Governmental Funds.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

For the fiscal year ended December 31, 2024, the governmental funds reflect a combined fund balance of \$33,790,167 (*see Annual Comprehensive Financial Report page 12 for more information*).

This is a decrease of (\$80,111) compared to the governmental Funds combined fund balance at December 31, 2023. The General Fund reported a net change in fund balance of (\$2,002,014), with \$2,947,699 in capital expenditures for the year.

VILLAGE OF LINCOLNWOOD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

General Fund Budgetary Highlights

The table below reflects the FY2024 budget and actual revenues and expenditures for the General Fund.

Table III: General Fund Budgetary Highlights

	Original/ Final Budget	Actual
Revenues		
Taxes	\$ 13,952,078	12,410,473
Intergovernmental	11,109,225	10,819,820
Other	4,692,300	5,563,463
Total	29,753,603	28,793,756
Expenditures	31,533,156	30,945,770
Excess of Revenues over Expenditures	(1,779,553)	(2,152,014)
Other Financing Sources (Uses)		
Transfer In	260,000	200,000
Transfers Out	(203,000)	(50,000)
	57,000	150,000
Change in Fund Balance	(1,722,553)	(2,002,014)

The Fiscal Year 2024 General Fund reflects a \$2,002,014 decrease in fund balance for the year ending December 31, 2024, due primarily to capital outlay expenditures of \$2,947,699. Total revenues were \$959,847 less than the final budget amount, and actual expenditures were \$587,386 less than the final budget amount (appropriations).

The collection of property taxes, one of the Village's largest revenue sources, has been consistent. A portion of payments were delayed in the latter half of 2023 due to the County's extension of the payment due date, resulting in a variance to budget due to timing for the stub year. Collections for the 2023 levy total \$6,519,516, an increase over the collections of \$6,344,863 for the prior year. Municipal sales tax revenue totaled \$6,256,872 for FY2024, falling short of the budget of \$6,977,836. State income tax revenues were \$2,286,292 compared to a budget of \$2,479,876. Significant revenue variances to budget were reported in Federal Grants (\$626,182) and Interest Revenue (\$300,497).

VILLAGE OF LINCOLNWOOD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Other Major Funds Highlights

The Village's Devon/Lincoln Tax Increment Financing (TIF) Fund experienced an increase of \$1,313,680 in fund balance for the fiscal year ended December 31, 2024. This is mainly due to TIF levy collections in addition to an increase in investment income.

Capital Assets

At the end of Fiscal Year 2024, the Village's capital assets had a combined total of \$85.66 million, net of depreciation, invested in a broad range of capital assets including land, streets, sidewalks, alleys, buildings, vehicles, water mains, storm sewers and sanitary sewer lines. (see table IV and V below).

Table IV: Total Capital Assets at Year End
Net of Depreciation
(in millions)

	Governmental Activities	Business-type Activities	Total
Land	10,885,084	96,214	10,981,298
Construction in Progress	4,236,790	420,582	4,657,372
Buildings and Structures	4,272,503	131,180	4,403,683
Parks and Improvements	8,260,590	-	8,260,590
Equipment	229,194	-	229,194
Vehicles and Heavy Equipment	3,280,495	969,731	4,250,226
Waterworks System	-	27,000,996	27,000,996
Infrastructure	25,872,882	-	25,872,882
Total:	\$ 57,037,538	\$ 28,618,703	\$ 85,656,241

Table V: Change in Capital Assets
(in millions)

	Governmental Activities	Business-type Activities	Total
Beginning Balance	56,202,536	21,177,394	77,379,930
Additions/Deletions			
Non-depreciable	(2,448,243)	420,582	(2,027,661)
Depreciable	5,744,246	7,874,491	13,618,737
Depreciation	(2,461,001)	(853,764)	(3,314,765)
Ending Balance	\$ 57,037,538	\$ 28,618,703	\$ 85,656,241

More detailed information on capital asset activity can be found in Note 4 of the notes to the financial statements.

VILLAGE OF LINCOLNWOOD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Debt Outstanding

Long-term debt is comprised of compensated absences to employees, net pension liabilities and loan/bonds payable.

The Village has no legal debt limitation as it is a home rule municipality. (For more information see Note 6 of the notes to the financial statements).

Economic Factors

The Village continues to provide quality government services funded by a tax base that is primarily residential. In addition to the residual impacts of the pandemic, high inflation, supply chain issues and geopolitical conflicts continue to provide uncertainty into the economy. The Village's financial policies and sound fiscal decisions over the past several years have positioned the Village to "weather the storm" without reducing core services. The Village property tax, sales tax, local utility taxes and the Village's share of the state income tax make up a majority of the General Fund revenues. Most of these major revenue sources have remained consistent from the prior year.

Economic development continued to be an important focus for the Village in an effort to continue to improve property values as well as stabilize property taxes. There are various developments in the Village, the most significant of which is the District 1860 Redevelopment, which began construction in Fiscal Year 2022. The Village is also undertaking many infrastructure improvements. Construction completed for a water transmission main from Evanston, the Village's current potable water supplier, has resulted in significant cost savings compared to purchase of water from the City of Chicago. The Village is continuing the roadway resurfacing program for all Village streets.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to the Village's Finance Director, Village of Lincolnwood, 6900 N. Lincoln Ave. Lincolnwood, IL 60712.

BASIC FINANCIAL STATEMENTS

VILLAGE OF LINCOLNWOOD, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 33,433,553	\$ 2,909,272	\$ 36,342,825
Receivables, net of allowance for uncollectibles			
Property taxes	6,963,154	-	6,963,154
Other taxes	2,769,866	-	2,769,866
Accounts	697,703	757,811	1,455,514
Intergovernmental	2,518,380	123,075	2,641,455
Leases	181,289	-	181,289
Accrued interest	355	-	355
Deposits	1,241,920	310,221	1,552,141
Prepaid items	133,486	1,501	134,987
Inventory	-	95,459	95,459
Net pension asset - SLEP	127,423	-	127,423
Capital assets			
Capital assets not being depreciated	15,121,874	516,796	15,638,670
Capital assets being depreciated, net	41,915,664	28,101,907	70,017,571
Total assets	105,104,667	32,816,042	137,920,709
DEFERRED OUTFLOWS OF RESOURCES			
Pension items - IMRF	2,297,045	258,066	2,555,111
Pension items - SLEP	61,869	-	61,869
Pension items - Police Pension	1,461,673	-	1,461,673
OPEB items	150,854	10,315	161,169
Total deferred outflows of resources	3,971,441	268,381	4,239,822
Total assets and deferred outflows of resources	109,076,108	33,084,423	142,160,531
LIABILITIES			
Accounts payable	3,878,681	438,738	4,317,419
Accrued payroll	355,469	32,701	388,170
Interest payable	1,681,651	58,325	1,739,976
Due to fiduciary fund	332,695	-	332,695
Other unearned revenue	121,263	-	121,263
Noncurrent liabilities			
Due within one year	1,603,604	933,984	2,537,588
Due in more than one year	71,445,737	19,382,722	90,828,459
Total liabilities	79,419,100	20,846,470	100,265,570
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	6,963,154	-	6,963,154
Leases	173,298	-	173,298
Pension items - IMRF	23,791	2,673	26,464
Pension items - SLEP	15,273	-	15,273
Pension items - Police Pension	2,996,854	-	2,996,854
OPEB items	2,038,234	139,366	2,177,600
Total deferred inflows of resources	12,210,604	142,039	12,352,643
Total liabilities and deferred inflows of resources	91,629,704	20,988,509	112,618,213

(This statement is continued on the following page.)

VILLAGE OF LINCOLNWOOD, ILLINOIS

STATEMENT OF NET POSITION (Continued)

December 31, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net investment in capital assets	\$ 19,919,678	\$ 8,972,809	\$ 28,892,487
Restricted for			
Economic development	7,960,701	-	7,960,701
Highways and streets	4,630,698	-	4,630,698
Retirement	127,423	-	127,423
Unrestricted (deficit)	(15,192,096)	3,123,105	(12,068,991)
TOTAL NET POSITION	\$ 17,446,404	\$ 12,095,914	\$ 29,542,318

See accompanying notes to financial statements.

VILLAGE OF LINCOLNWOOD, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 5,666,947	\$ 1,794,499	\$ 2,500	\$ -
Public safety	14,068,193	1,180,326	2,318,195	-
Highways and streets	6,566,150	-	648,001	118,917
Sanitation	1,598,801	-	-	-
Economic development	1,607,040	-	-	-
Culture and recreation	4,284,486	1,519,704	-	328,289
Interest on long-term debt	1,780,958	-	-	-
Total governmental activities	35,572,575	4,494,529	2,968,696	447,206
Business-Type Activities				
Water and Sewer	4,405,205	5,281,995	-	-
Total business-type activities	4,405,205	5,281,995	-	-
TOTAL PRIMARY GOVERNMENT	\$ 39,977,780	\$ 9,776,524	\$ 2,968,696	\$ 447,206

Net (Expense) Revenue and Change in Net Position			
	Governmental Activities	Business-Type Activities	Total
	\$ (3,869,948)	\$ -	\$ (3,869,948)
	(10,569,672)	-	(10,569,672)
	(5,799,232)	-	(5,799,232)
	(1,598,801)	-	(1,598,801)
	(1,607,040)	-	(1,607,040)
	(2,436,493)	-	(2,436,493)
	(1,780,958)	-	(1,780,958)
	(27,662,144)	-	(27,662,144)
	-	876,790	876,790
	-	876,790	876,790
	(27,662,144)	876,790	(26,785,354)
General Revenues			
Taxes			
Property tax	9,399,383	-	9,399,383
Food and beverage taxes	1,727,818	-	1,727,818
Utility taxes	877,685	-	877,685
Telecommunications	228,146	-	228,146
Home rule sales tax	3,687,213	-	3,687,213
Other taxes	991,810	-	991,810
Intergovernmental - unrestricted			
Shared income tax	2,286,292	-	2,286,292
State shared sales tax	6,256,872	-	6,256,872
Replacement taxes	262,722	-	262,722
Use tax	559,129	-	559,129
ARPA	1,026,182	-	1,026,182
Miscellaneous	809,855	-	809,855
Investment income	1,311,656	292,645	1,604,301
Transfers	200,000	(200,000)	-
Total	29,624,763	92,645	29,717,408
CHANGE IN NET POSITION	1,962,619	969,435	2,932,054
NET POSITION, JANUARY 1, AS PREVIOUSLY REPORTED	21,649,414	11,142,444	32,791,858
Restatement	(6,165,629)	(15,965)	(6,181,594)
NET POSITION, JANUARY 1, AS RESTATED	15,483,785	11,126,479	26,610,264
NET POSITION, DECEMBER 31	\$ 17,446,404	\$ 12,095,914	\$ 29,542,318

See accompanying notes to financial statements.

VILLAGE OF LINCOLNWOOD, ILLINOIS

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2024

	General	Devon/Lincoln Tax Increment Financing	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 14,901,633	\$ 6,419,145	\$ 12,112,775	\$ 33,433,553
Receivables, net				
Property taxes	6,963,154	-	-	6,963,154
Other taxes	2,769,866	-	-	2,769,866
Intergovernmental	944,342	61,190	1,512,848	2,518,380
Accounts	318,908	-	378,795	697,703
Leases	181,289	-	-	181,289
Accrued interest	355	-	-	355
Due from other funds	-	-	38,695	38,695
Deposits	1,241,920	-	-	1,241,920
Prepaid items	133,486	-	-	133,486
TOTAL ASSETS	\$ 27,454,953	\$ 6,480,335	\$ 14,043,113	\$ 47,978,401
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 2,715,045	\$ 92,943	\$ 1,070,693	\$ 3,878,681
Accrued payroll	355,469	-	-	355,469
Other unearned revenue	121,263	-	-	121,263
Due to other funds	-	-	38,695	38,695
Due to fiduciary fund	332,695	-	-	332,695
Total liabilities	3,524,472	92,943	1,109,388	4,726,803
DEFERRED INFLOWS OF RESOURCES				
Unavailable property taxes	6,963,154	-	-	6,963,154
Unavailable revenue	1,189,015	61,190	1,074,774	2,324,979
Leases	173,298	-	-	173,298
Total deferred inflows of resources	8,325,467	61,190	1,074,774	9,461,431
Total liabilities and deferred inflows of resources	11,849,939	154,133	2,184,162	14,188,234
FUND BALANCES				
Nonspendable prepaid items	133,486	-	-	133,486
Restricted for economic development	-	6,326,202	4,634,896	10,961,098
Restricted for highways and streets	-	-	4,957,372	4,957,372
Restricted for capital improvements	-	-	2,039,185	2,039,185
Unrestricted				
Assigned for capital outlay	-	-	195,385	195,385
Assigned for debt service	-	-	32,113	32,113
Assigned for subsequent year's budget	4,224,582	-	-	4,224,582
Unassigned	11,246,946	-	-	11,246,946
Total fund balances	15,605,014	6,326,202	11,858,951	33,790,167
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 27,454,953	\$ 6,480,335	\$ 14,043,113	\$ 47,978,401

See accompanying notes to financial statements.

VILLAGE OF LINCOLNWOOD, ILLINOIS

**RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION**

December 31, 2024

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 33,790,167
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	57,037,538
Certain revenues that are deferred in the governmental funds are recognized as revenue in the governmental activities	2,324,979
Net pension asset (liability) is shown as an asset or liability on the statement of net position	
Illinois Municipal Retirement Fund	(562,532)
SLEP	127,423
Police Pension Fund	(26,714,847)
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings and contributions subsequent to the measurement date are recognized as deferred outflows of resources on the statement of net position	
Illinois Municipal Retirement Fund	2,273,254
SLEP	46,596
Police Pension Fund	(1,535,181)
OPEB	(1,887,380)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds and debt certificates payable	(36,800,000)
TIF notes payable	(5,000,000)
Loans payable	(62,500)
Installment contracts payable	(38,448)
Accrued interest payable	(1,681,651)
Unamortized premium	(534,522)
Compensated absences payable	(922,819)
Total other postemployment benefit	<u>(2,413,673)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 17,446,404</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNWOOD, ILLINOIS

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2024

	General	Devon/Lincoln Tax Incremental Financing	Formerly Major Stormwater Management	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 6,579,408	\$ 1,389,369	\$ -	\$ 1,430,606	\$ 9,399,383
Other taxes	5,831,065	-	-	1,882,712	7,713,777
Charges for services	2,616,897	-	-	-	2,616,897
Licenses and permits	1,504,222	-	-	-	1,504,222
Intergovernmental	10,819,820	-	-	669,084	11,488,904
Fines and forfeitures	172,305	-	-	-	172,305
Investment income	460,184	213,660	-	637,812	1,311,656
Miscellaneous	809,855	-	-	-	809,855
Total revenues	28,793,756	1,603,029	-	4,620,214	35,016,999
EXPENDITURES					
Current					
General government	5,486,594	129,414	-	55,023	5,671,031
Public safety	14,497,458	-	-	-	14,497,458
Highways and streets	1,517,615	-	-	875,032	2,392,647
Sanitation	1,271,601	-	-	-	1,271,601
Economic development	1,527,865	-	-	-	1,527,865
Culture and recreation	3,677,713	-	-	-	3,677,713
Capital outlay	2,947,699	159,935	-	4,128,857	7,236,491
Debt service					
Principal	19,225	-	-	752,500	771,725
Interest	-	-	-	1,450,579	1,450,579
Total expenditures	30,945,770	289,349	-	7,261,991	38,497,110
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,152,014)	1,313,680	-	(2,641,777)	(3,480,111)
OTHER FINANCING SOURCES (USES)					
Transfers in	200,000	-	-	2,148,776	2,348,776
Transfers (out)	(50,000)	-	-	(2,098,776)	(2,148,776)
Issuance of debt	-	-	-	3,200,000	3,200,000
Total other financing sources (uses)	150,000	-	-	3,250,000	3,400,000
NET CHANGE IN FUND BALANCES	(2,002,014)	1,313,680	-	608,223	(80,111)
FUND BALANCES, JANUARY 1, AS PREVIOUSLY REPORTED	17,607,028	5,012,522	3,277,824	7,972,904	33,870,278
Adjustment related to change within reporting entity	-	-	(3,277,824)	3,277,824	-
FUND BALANCE, JANUARY 1, AS ADJUSTED	17,607,028	5,012,522	-	11,250,728	33,870,278
FUND BALANCES, DECEMBER 31	\$ 15,605,014	\$ 6,326,202	\$ -	\$ 11,858,951	\$ 33,790,167

See accompanying notes to financial statements.

VILLAGE OF LINCOLNWOOD, ILLINOIS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2024

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (80,111)
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Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlay as expenditures; however, they
are capitalized and depreciated in the statement of activities

Capitalized capital assets	3,750,926
Depreciation expense	(2,915,924)

Receivables not currently available are reported as revenue when collected
or currently available in the fund financial statements but are recognized
as revenue when earned on the statement of activities

2,318,195

The change in the net pension liability (asset) is reported only in the statement
of activities

Police Pension Fund	3,649,697
Illinois Municipal Retirement Fund	980,591
SLEP	(30,258)

The change in deferred inflows and outflows of resources is reported only in
the statement of activities

Illinois Municipal Retirement Fund	(464,172)
SLEP	(13,218)
Police Pension Fund	(2,736,970)
OPEB	(1,887,380)

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principle on long-term
debt consumes the current financial resources of governmental funds

Issuance of debt	(3,200,000)
Retirement of general obligation debt	740,000
Retirement of loans payable	12,500
Repayment of installment contract	19,225
Amortization of charge on refunding	30,705
Change in compensated absences payable	285,257
Change in total other postemployment benefit payable	1,864,640

Changes to accrued interest on long-term debt in the statement of activities
does not require the use of current financial resources and, therefore, are
not reported as expenditures in the governmental funds

(361,084)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,962,619</u>
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See accompanying notes to financial statements.

VILLAGE OF LINCOLNWOOD, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUND

December 31, 2024

CURRENT ASSETS

Cash and cash equivalents	\$ 2,909,272
Receivables	
Accounts, net of allowance for uncollectible accounts	757,811
Intergovernmental	123,075
Deposits	310,221
Prepaid items	1,501
Inventory	95,459
	<u>4,197,339</u>

NONCURRENT ASSETS

Capital assets not being depreciated	516,796
Capital assets, net of accumulated depreciation	<u>28,101,907</u>
	<u>28,618,703</u>
Total noncurrent assets	
	<u>32,816,042</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension items - IMRF	258,066
OPEB items	<u>10,315</u>
	<u>268,381</u>
Total deferred outflows of resources	
	<u>33,084,423</u>

CURRENT LIABILITIES

Accounts payable	438,738
Accrued payroll	32,701
Accrued interest payable	58,325
Compensated absences payable	20,933
General obligation bonds payable	885,000
IEPA loans payable	7,303
Total OPEB liability	<u>20,748</u>
	<u>1,463,748</u>

NONCURRENT LIABILITIES

Compensated absences payable	39,207
General obligation bonds payable	18,937,312
IEPA loans payable	198,716
Total OPEB liability	144,289
Net pension liability - IMRF	<u>63,198</u>
	<u>19,382,722</u>
Total noncurrent liabilities	
	<u>20,846,470</u>

DEFERRED INFLOWS OF RESOURCES

Pension items - IMRF	2,673
OPEB items	<u>139,366</u>
	<u>142,039</u>
Total deferred inflows of resources	
	<u>20,988,509</u>

NET POSITION

Net investment in capital assets	8,972,809
Unrestricted	<u>3,123,105</u>
	<u>\$ 12,095,914</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNWOOD, ILLINOIS

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND**

For the Year Ended December 31, 2024

OPERATING REVENUES

Charges for services	\$ 5,173,867
Fines and forfeitures	61,202
Miscellaneous income	<u>46,926</u>
Total operating revenues	<u>5,281,995</u>

OPERATING EXPENSES

Personnel services	750,167
Contractual services	212,966
Commodities	1,591,175
Capital outlay	457,247
Depreciation	<u>853,764</u>
Total operating expenses	<u>3,865,319</u>

OPERATING INCOME	<u>1,416,676</u>
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NON-OPERATING REVENUES (EXPENSES)

Investment income	292,645
Interest expense	<u>(539,886)</u>
Total non-operating revenues (expenses)	<u>(247,241)</u>

NET INCOME (LOSS) BEFORE TRANSFERS	<u>1,169,435</u>
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TRANSFERS

Transfers (out)	<u>(200,000)</u>
Total transfers	<u>(200,000)</u>

CHANGE IN NET POSITION	<u>969,435</u>
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NET POSITION, JANUARY 1, AS PREVIOUSLY REPORTED	11,142,444
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Restatement - change in accounting principle	<u>(15,965)</u>
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NET POSITION, JANUARY 1, AS RESTATED	<u>11,126,479</u>
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NET POSITION, DECEMBER 31	<u><u>\$ 12,095,914</u></u>
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See accompanying notes to financial statements.

VILLAGE OF LINCOLNWOOD, ILLINOIS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the Year Ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 5,197,608
Payments to suppliers	(2,238,872)
Payments to employees	<u>(778,432)</u>
Net cash from operating activities	<u>2,180,304</u>

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

Interfund activity	<u>(1,280,288)</u>
Net cash from noncapital financing activities	<u>(1,280,288)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>292,645</u>
Net cash from investing activities	<u>292,645</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Purchase of capital assets	(8,295,073)
Issuance of debt	3,382,944
Payments of principal	(755,000)
Interest and fiscal charges paid on debt	<u>(608,194)</u>
Net cash from capital and related financing activities	<u>(6,275,323)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,082,662)
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CASH AND CASH EQUIVALENTS, JANUARY 1	<u>7,991,934</u>
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CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 2,909,272</u></u>
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(This statement is continued on the following page.)

VILLAGE OF LINCOLNWOOD, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUND

For the Year Ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income	\$ 1,416,676
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	853,764
(Increase) decrease in	
Receivables	(84,387)
Inventories	(45,746)
Prepaid items	(1,501)
Increase (decrease) in	
Accounts payable	53,798
Accrued payroll	21,627
Compensated absences payable	27,427
Pension items - IMRF	(58,019)
OPEB items	(3,335)

NET CASH FROM OPERATING ACTIVITIES

\$ 2,180,304

NONCASH TRANSACTIONS

Capital assets acquired through vouchers and retainage payable	\$ 10,248
IEPA loan receivable	<u>123,075</u>

TOTAL NONCASH TRANSACTIONS

\$ 133,323

See accompanying notes to financial statements.

VILLAGE OF LINCOLNWOOD, ILLINOIS

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND**

December 31, 2024

	Police Pension
ASSETS	
Cash	\$ 40,874
Investments held in the Illinois Police Officer's Pension Investment Fund	29,176,143
Due from Municipality	<u>332,695</u>
Total assets	<u>29,549,712</u>
LIABILITIES	
None	<u>-</u>
Total liabilities	<u>-</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u><u>\$ 29,549,712</u></u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNWOOD, ILLINOIS

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND**

For the Year Ended December 31, 2024

	<u>Police Pension</u>
ADDITIONS	
Contributions	
Employer	\$ 2,925,700
Plan members	<u>353,820</u>
Total contributions	<u>3,279,520</u>
Investment income	
Net appreciation in fair value of investments	2,418,598
Interest	<u>168,237</u>
Total investment income	2,586,835
Less investment expense	<u>(25,289)</u>
Net investment income	<u>2,561,546</u>
Total additions	<u>5,841,066</u>
DEDUCTIONS	
Pension benefits and refunds	3,366,243
Administrative expenses	<u>23,443</u>
Total deductions	<u>3,389,686</u>
NET INCREASE	2,451,380
NET POSITION RESTRICTED FOR PENSION BENEFITS	
NET POSITION, JANUARY 1	<u>27,098,332</u>
NET POSITION, DECEMBER 31	<u><u>\$ 29,549,712</u></u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNWOOD, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Lincolnwood, Illinois (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

a. Reporting Entity

The Village was incorporated in 1911, and is a municipal corporation governed by an elected seven-member board. The Village operates under a President/Manager form of government and provides the following services as authorized by its charter: public safety (police and fire (subcontracted)); highways and streets; health, social and cultural services; parks and recreation, water and sanitation; public improvements; planning and zoning; and general administration services.

GAAP requires that the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was based upon the significance of its operational or financial relationship with the primary government. A blended component unit, although legally separate, is, in substance, part of the Village's operations and so data from this unit is combined with the data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column on the government-wide financial statements to emphasize it is legally separate from the Village. The Village has no discretely presented component units.

The Village's financial statements include one pension trust fund as a fiduciary component unit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Police Pension Employees Retirement System

The Village's financial statements include the Police Pension Employees Retirement System (PPERS) reported as a fiduciary component unit. The Village's sworn police employees participate in the 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 the Village's contribution levels. Accordingly, the PPERS is fiscally dependent on the Village.

b. Fund Accounting

The Village uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of a Village's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds), the funds committed, restricted or assigned for the acquisition or construction of capital assets (capital projects funds) and the funds committed, restricted or assigned for the servicing of long-term debt (debt service funds). The General Fund is used to account for all activities of the Village not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the Village (internal service funds).

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. The Village utilizes pension trust funds which are generally used to account for assets that the Village holds in fiduciary capacity. The Village maintains a Police Pension Trust Fund.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

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

The Devon/Lincoln Tax Increment Financing Fund accounts for revenues restricted, committed or assigned for use to promote the objectives of the TIF District.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

The Village reports the following major and only proprietary fund:

The Water and Sewer Fund accounts for the provision of water and sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and billing and collection.

The Village reports the following fiduciary fund:

The Police Pension Fund accounts for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Resources are contributed by sworn police officers at rates fixed by law and the Village at amounts determined by an annual actuarial study.

d. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Non-operating revenue/expenses are incidental to the operations of these funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The Village considers revenues to be available if they are collected within 90 days of the end of the current fiscal period (60 days for property taxes). Expenditures generally are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded when payment is due.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, interest revenue and charges for services. Sales, income, replacement and motor fuel taxes collected and held by the state at year end on behalf of the Village also are susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The accrual basis of accounting is utilized by proprietary fund types and pension trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Unbilled water revenue of the Water Fund is recognized as earned when the water is consumed.

The Village reports unavailable/deferred revenue and unearned revenue on its financial statements. Unavailable/deferred revenues arise when a potential revenue does not meet the measurable and available or earned criteria for recognition in the current period. Unearned revenues arise when resources are received by the Village before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the deferred inflow for unavailable/deferred revenue or the liability for unearned revenue is removed from the financial statements and revenue is recognized.

e. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Village's proprietary funds considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments (Continued)

Investments (Continued)

The Village categorizes the fair value measurements within the fair value hierarchy established by GAAP. 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; and Level 3 inputs are significant unobservable inputs.

f. Receivables

The recognition of receivables associated with non-exchange transactions is as follows:

- Derived tax receivables (such as: sales taxes) are recognized when the underlying exchange has occurred.
- Imposed non-exchange receivables (such as: property taxes and fines) are recognized when an enforceable legal claim has arisen.
- Government mandates or voluntary non-exchange transaction receivables (such as: income and motor fuel taxes and grants) are recognized when all eligibility requirements have been met.

g. Inventory

Supplies inventory is valued at cost. Inventory of items held for resale is valued at the lower of cost first-in/first-out (FIFO) method or market. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased.

h. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items and are recorded using the consumption method.

i. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans, if any, are classified as “interfund receivables/payables.” Long-term interfund loans are classified as “advances to/from other funds.”

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Capital Assets

Capital assets, which include property, plant, equipment, intangibles (software and easements) and infrastructure assets (e.g., roads, bridges and storm water) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the Village as assets with an initial, individual cost of more than \$10,000 for equipment and \$50,000 for land and land improvements and building projects and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Infrastructure acquired prior to the implementation of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, is included in these financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Parks and improvements	10-25
Buildings and structures	35
Equipment and furniture	5-30
Vehicles and heavy equipment	5-30
Streets, sidewalks and alleys	30
Waterworks system	30

k. Compensated Absences

The Village implemented GASB Statement 101, *Compensated Absences*, for fiscal year ended December 31, 2024. Vested or accumulated vacation, sick leave and compensatory time that is due to employees who have retired or terminated by the end of the year is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation, sick leave and compensatory time of proprietary funds and governmental activities is recorded as an expense and liability of those funds as the benefits accrue to employees. The entire balance of vacation leave and compensatory time is recognized as a liability at year end. A liability is recognized

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Compensated Absences (Continued)

for the portion of accumulating sick leave benefits that is estimated to be more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

As a result of the implementation of GASB Statement 101, *Compensated Absences*, beginning net position was restated. See Notes 6 and 13 for additional information.

l. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements.

Bond premiums and discounts, as well as the unamortized loss on refunding, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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 expenditures.

m. Fund Balances/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact, unless conversion of the nonspendable asset to a spendable asset would result in a restriction or commitment on the spendable asset, in which case reporting the restriction or commitment takes precedent.

Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose or externally imposed by outside entities or from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village's Board of Trustees, which is considered the Village's highest level of decision-making authority. Formal actions include ordinances approved by the Village Board of Trustees. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance resides with the Finance Director as

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Fund Balances/Net Position (Continued)

authorized by the fund balance policy adopted by the Village Board of Trustees. Any residual fund balance in the General Fund, including fund balance targets and any deficit fund balance of any other governmental fund is reported as unassigned.

The Village has established a fund balance policy for its general fund unassigned fund balance. The policy establishes a target for unassigned fund balance to be maintained in the General Fund at 25% to 35% of the current fiscal year's revenues, which is reported as unassigned fund balance in the General Fund.

The Village's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the Village considers committed funds to be expended first followed by assigned funds and then unassigned funds.

In the government-wide financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the book value of capital assets less any outstanding long-term debt issued to acquire or construct the capital assets. None of the Village's net positions are restricted as a result of enabling legislation adopted by the Village.

n. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

o. Interfund Transactions

Interfund services are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services and reimbursements, are reported as transfers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. PROPERTY TAXES

Property taxes for 2023 attach as an enforceable lien on January 1, 2023. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are issued on or about February 1 and July 1 and are payable in two installments, on or about March 1 and August 1. The County collects such taxes and remits them periodically. Based upon collection histories, the Village has not provided an allowance for uncollectible property taxes at December 31, 2024.

For governmental fund types and governmental activities, only property taxes which are intended to finance the current fiscal year and collected within 60 days subsequent to year end are recorded as revenue.

3. CASH AND INVESTMENTS

The Village's investment policy authorizes the Village to invest in all investments allowed by Illinois Compiled Statutes (ILCS). These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and The Illinois Funds and the Illinois Metropolitan Investment Fund (IMET). It is the policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

The Illinois Funds operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than fair value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

3. CASH AND INVESTMENTS (Continued)

IMET is a local government investment pool. Created in 1996 as a not-for-profit trust formed under the Intergovernmental Cooperation Act and the Illinois Municipal Code. IMET was formed to provide Illinois government agencies with safe, liquid, attractive alternatives for investing and is managed by a Board of Trustees elected from the participating members. IMET offers participants two separate vehicles to meet their investment needs. The IMET Core Fund is designed for public funds that may be invested for longer than one year. The Core Fund carries the highest rating available (AAAF/bf) from Moody's for such funds. Member withdrawals can be made from the core fund with a five-day notice. The IMET Convenience Fund (CVF) is designed to accommodate funds requiring high liquidity, including short term cash management programs and temporary investment of bond proceeds. It is comprised of collateralized and FHLB LoC backed bank deposits, FDIC insured certificates of deposit and U.S. Government securities. Member withdrawals are generally on the same day as requested. Investments in IMET are valued at IMET's share price, which is the price the investment could be sold.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with the collateral held by an agent of the Village in the Village's name. At December 31, 2024, the Village had no uncollateralized deposits.

Village Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a three-year period. The investment policy limits the maximum maturity length of investments for unreserved funds to five years from date of purchase.

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. Investments in commercial paper are allowed if rated within the highest classifications by at least two standard rating services. The Illinois Funds and IMET are rated AAA.

3. CASH AND INVESTMENTS (Continued)

Village Investments (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Village's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Village's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the Village's name. The Illinois Funds and IMET are not subject to custodial credit risk.

Concentration of credit risk - The Village's investment policy does not limit the amount of the portfolio that can be invested in any one investment vehicle but does require reasonable diversification of the portfolio.

Fair Value Measurement

The Village categorizes investments measured at fair value within the fair value hierarchy established by GAAP. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2 and 3 of the fair value hierarchy are defined as follows:

- Level 1: Inputs using unadjusted quoted prices in active markets or exchanges for identical assets or liabilities.
- Level 2: Significant other observable inputs, which may include, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.
- Level 3: Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the asset or liability.

If the fair value is measured using inputs from different levels in the fair value hierarchy, the measurement should be categorized based on the lowest priority level input that is significant to the valuation. The Village's assessment of significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. The Village does not have any investments reported at fair value at December 31, 2024.

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

	Balances January 1	Additions	Disposals	Balances December 31
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 10,885,084	\$ -	\$ -	\$ 10,885,084
Construction in progress	6,685,033	1,031,708	3,479,951	4,236,790
Total capital assets not being depreciated	17,570,117	1,031,708	3,479,951	15,121,874
Capital assets being depreciated				
Parks and improvements	18,336,075	815,493	159,173	18,992,395
Buildings and structures	12,880,609	302,965	-	13,183,574
Equipment and furniture	2,287,294	36,153	-	2,323,447
Vehicles and heavy equipment	6,196,565	1,564,607	295,750	7,465,422
Streets, Sidewalks and alleys	41,158,811	3,479,951	-	44,638,762
Total capital assets being depreciated	80,859,354	6,199,169	454,923	86,603,600
Less accumulated depreciation for				
Parks and improvements	10,176,010	714,968	159,173	10,731,805
Buildings and structures	8,558,110	352,961	-	8,911,071
Equipment and furniture	2,024,752	69,501	-	2,094,253
Vehicles and heavy equipment	4,074,988	405,689	295,750	4,184,927
Streets, sidewalks and alleys	17,393,075	1,372,805	-	18,765,880
Total accumulated depreciation	42,226,935	2,915,924	454,923	44,687,936
Total capital assets being depreciated, net	38,632,419	3,283,245	-	41,915,664
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 56,202,536	\$ 4,314,953	\$ 3,479,951	\$ 57,037,538

Depreciation expense was charged to functions/programs of the governmental activities as follows:

GOVERNMENTAL ACTIVITIES	
General government	\$ 325,428
Public safety	295,430
Highways and streets	1,535,736
Culture and recreation	759,300
TOTAL DEPRECIATION EXPENSE -	
GOVERNMENTAL ACTIVITIES	<u>\$ 2,915,924</u>

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

	Balances January 1	Increases	Decreases	Balances December 31
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 96,214	\$ -	\$ -	\$ 96,214
Construction in process	-	420,582	-	420,582
Total capital assets not being depreciated	96,214	420,582	-	516,796
Capital assets being depreciated				
Buildings and structures	716,347	-	-	716,347
Vehicles and heavy equipment	2,058,523	177,949	-	2,236,472
Waterworks system	33,835,715	7,696,542	-	41,532,257
Total capital assets being depreciated	36,610,585	7,874,491	-	44,485,076
Less accumulated depreciation for				
Buildings and structures	555,036	30,131	-	585,167
Vehicles and heavy equipment	1,165,257	101,484	-	1,266,741
Waterworks system	13,809,112	722,149	-	14,531,261
Total accumulated depreciation	15,529,405	853,764	-	16,383,169
Total capital assets being depreciated, net	21,081,180	7,020,727	-	28,101,907
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	\$ 21,177,394	\$ 7,441,309	\$ -	\$ 28,618,703

5. 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; employee health; natural disasters; and injuries to the Village's employees.

Intergovernmental Risk Management Agency

The Village participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of municipalities and special districts in northeastern Illinois that have formed an association under the Illinois Intergovernmental Cooperation Statute to pool their risk management needs. IRMA administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration/litigation management services; unemployment claim administration; extension risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members.

5. RISK MANAGEMENT (Continued)

Intergovernmental Risk Management Agency (Continued)

The Village's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. The Village assumes the first \$25,000 of each occurrence and IRMA has a mix of self-insurance and commercial insurance at various amounts above that level.

Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The Village does not exercise any control over the activities of IRMA beyond its representation on the Board of Directors.

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the by-laws of IRMA and experience modification factors based on past member loss experience. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits. The Village is aware of no additional contributions due to IRMA as of December 31, 2024.

There have been no significant changes in coverage from the prior two years and settlements have not exceeded coverage in any of the prior three years.

North Suburban Employee's Benefit Cooperative

The Village participates in the North Suburban Employee's Benefit Cooperative (NSEBC), an agency of governmental entities created to finance and administer medical and dental care benefits to employees of its member organizations. Each municipality appoints one representative to serve on the Board of Directors. The Board determines the general policies, which includes approval of the annual budget. Members are contractually obligated to make all monthly payments and to fund any deficit upon dissolution of the pool. They will share in any surplus of the pool based on a decision by the Board. 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. The Village reports insurance activities within the General Fund. The Village's total payments for the fiscal year ended December 31, 2024 were \$1,925,835.

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT

a. Governmental Activities

A summary of changes in long-term debt reported in the governmental activities of the Village for the fiscal year ended December 31, 2024 is as follows:

Issue	Fund Debt Retired by	Balances January 1	Issuances	Retirements/ Refundings	Balances December 31	Current Portion
\$15,450,000 General Obligation Bonds dated October 15, 2019, due in annual installments of \$350,000 to \$1,250,000 through December 1, 2039, interest payable each June 1 and December 1 at 3% to 5%.	Stormwater Management	\$ 2,095,000	\$ -	\$ 60,000	\$ 2,035,000	\$ 65,000
\$2,680,000 General Obligation Bonds Series 2020A dated August 13, 2020, due in annual installments of \$160,000 to \$210,000 through December 1, 2035, interest payable each June 1 and December 1 at 1.42%.	Motor Fuel Tax	2,160,000	-	185,000	1,975,000	185,000
\$9,085,000 General Obligation Bonds Series 2021 dated August 24, 2021, (\$4,830,000 allocated to governmental activities) due in annual installments of \$340,000 to \$645,000 through April 30, 2024, interest payable each June 1 and December 1 at 2% to 5%.	Motor Fuel Tax/ Stormwater Management	4,540,000	-	180,000	4,360,000	185,000
\$4,075,000 General Obligation Bonds Series 2023 dated June 1, 2023, (\$3,670,000 allocated to governmental activities), due in annual installments of \$315,000 to \$430,000 through December 1, 2032, interest payable each June 1 and December 1 at 3.8%.	Stormwater Management	3,315,000	-	315,000	3,000,000	325,000
\$6,500,000 General Obligation Bonds Series 2024 dated September 19, 2024, (\$3,200,000 allocated to governmental activities), due in annual installments of \$195,000 to \$700,000 through December 1, 2039, interest payable each June 1 and December 1 at 3.56%.	Debt Service	-	3,200,000	-	3,200,000	95,000

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

a. Governmental Activities (Continued)

Issue	Fund Debt Retired by	Balances January 1	Issuances	Retirements/ Refundings	Balances December 31	Current Portion
\$22,230,000 Debt Certificates Series 2021A dated February 11, 2022, due in annual installments of \$730,000 to \$2,220,000 through January 1, 2041, interest payable each May 1 and January 1 at 4.87%.	North Lincoln TIF	\$ 22,230,000	\$ -	\$ -	\$ 22,230,000	\$ -
\$5,000,000 TIF Note Series 2021C dated November 10, 2021, maturing January 1, 2021, interest payable each May 1 and January 1 at 7.00%.	North Lincoln TIF	\$5,000,000	\$ -	\$ -	\$ 5,000,000	\$ -
\$250,000 Illinois Finance Authority Loan Payable dated May 9, 2009, due in annual installments of \$12,500 through May 9, 2029, non-interest bearing.	Debt Service	75,000	-	12,500	62,500	12,500
TOTAL GOVERNMENTAL ACTIVITIES		\$ 39,415,000	\$ 3,200,000	\$ 752,500	\$ 41,862,500	\$ 867,500

The following is a summary of changes in long-term liabilities during the fiscal year ended December 31, 2024:

	Debt Retired by	Balances January 1, Restated	Additions	Reductions	Balances December 31	Current Portion
GOVERNMENTAL ACTIVITIES						
	Motor Fuel Tax/Stormwater Management	\$ 12,110,000	\$ 3,200,000	\$ 740,000	\$ 14,570,000	\$ 855,000
General obligation bonds	North Lincoln TIF	22,230,000	-	-	22,230,000	-
Debt certificates	North Lincoln TIF	5,000,000	-	-	5,000,000	-
TIF notes	Debt Service	75,000	-	12,500	62,500	12,500
Loans	General	57,673	-	19,225	38,448	19,225
Installment Contracts		565,227	-	30,705	534,522	-
Unamortized bond premium		1,208,076	-	285,257	922,819	413,439
Compensated absences*	General	4,278,313	-	1,864,640	2,413,673	303,440
Total OPEB liability	General	1,543,123	-	980,591	562,532	-
Net pension liability - IMRF						
Net pension liability - Police Pension	General	30,364,544	-	3,649,697	26,714,847	-
TOTAL GOVERNMENTAL ACTIVITIES		\$ 77,431,956	\$ 3,200,000	\$ 7,582,615	\$ 73,049,341	\$ 1,603,604

*The amount displayed as additions or reductions represents the net change in the liability.

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

b. Business-Type Activities

A summary of changes in long-term debt reported in the business-type activities of the Village for the fiscal year ended December 31, 2024 is as follows:

Issue	Fund Debt Retired by	Balances January 1	Issuances	Retirements	Balances December 31	Current Portion
\$15,450,000 General Obligation Bonds dated October 15, 2019, due in annual installments of \$3,000 to \$1,250,000 through December 11, 2039, interest payable each June 1 and December 1 at 3% to 5%.	Water and Sewer	\$ 11,990,000	\$ -	\$ 345,000	\$ 11,645,000	\$ 360,000
\$9,085,000 General Obligation Bonds Series 2021 dated August 24, 2021, (\$4,255,000 allocated to business-type activities) due in annual installments of \$340,000 to \$645,000 through April 30, 2024, interest payable each June 1 and December 1 at 2% to 5%.	Water and Sewer	3,605,000	-	375,000	3,230,000	390,000
\$4,075,000 General Obligation Bonds Series 2023 dated June 1, 2023, (\$405,000 allocated to business-type activities) due in annual installments of \$35,000 to \$45,000 through December 1, 2032, interest payable each June 1 and December 1 at 3.8%.	Water and Sewer	365,000	-	35,000	330,000	35,000
\$6,500,000 General Obligation Bonds Series 2024 dated September 19, 2024, (\$3,300,000 allocated to business-type activities) due in annual installments of \$195,000 to \$700,000 through December 1, 2039, interest payable each June 1 and December 1 at 3.56%.	Water and Sewer	-	3,300,000	-	3,300,000	100,000
\$206,019 IEPA loan dated August 5, 2024, due in semi-annual installments of \$2,074 to \$5,229 through December 30, 2044, interest at 0.00%.	Water and Sewer	-	206,019	-	206,019	7,303
TOTAL BUSINESS-TYPE ACTIVITIES		\$ 15,960,000	\$ 3,506,019	\$ 755,000	\$ 18,711,019	\$ 892,303

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

b. Business-Type Activities (Continued)

	Balances January 1, Restated	Additions	Reductions	Balances December 31	Current Portion
BUSINESS-TYPE ACTIVITIES					
General obligation bonds	\$ 15,960,000	\$ 3,300,000	\$ 755,000	\$ 18,505,000	\$ 885,000
Unamortized premium	1,396,215	-	78,903	1,317,312	-
IEPA loans	-	206,019	-	206,019	7,303
Compensated absences*	47,808	12,332	-	60,140	20,933
Net pension liability - IMRF	173,365	-	110,167	63,198	-
Total OPEB liability	297,423	-	132,386	165,037	20,748
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 17,874,811	\$ 3,518,351	\$ 1,076,456	\$ 20,316,706	\$ 933,984

*The amount displayed as additions or reductions represents the net change in the liability.

c. Debt Service Requirements to Maturity

Annual debt service requirements to maturity on general obligation debt (bonds and tax certificates) are as follows:

Year Ending December 31,	General Obligation Bonds					
	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 855,000	\$ 478,087	\$ 1,333,087	\$ 885,000	\$ 676,404	\$ 1,561,404
2026	910,000	424,443	1,334,443	955,000	610,518	1,565,518
2027	945,000	391,553	1,336,553	1,005,000	564,988	1,569,988
2028	985,000	357,105	1,342,105	875,000	512,715	1,387,715
2029	1,075,000	321,088	1,396,088	1,060,000	475,763	1,535,763
2030	1,115,000	282,173	1,397,173	1,105,000	432,969	1,537,969
2031	1,160,000	244,140	1,404,140	1,145,000	389,498	1,534,498
2032	1,200,000	204,390	1,404,390	1,190,000	344,448	1,534,448
2033	900,000	169,921	1,069,921	1,295,000	308,770	1,603,770
2034	920,000	147,270	1,067,270	1,335,000	269,601	1,604,601
2035	735,000	124,041	859,041	1,380,000	229,227	1,609,227
2036	755,000	103,090	858,090	1,425,000	187,419	1,612,419
2037	780,000	81,531	861,531	1,470,000	144,255	1,614,255
2038	800,000	59,189	859,189	1,515,000	99,735	1,614,735
2039	820,000	36,242	856,242	1,570,000	53,753	1,623,753
2040	305,000	12,688	317,688	145,000	6,088	151,088
2041	310,000	6,587	316,587	150,000	3,187	153,187
TOTAL	\$ 14,570,000	\$ 3,443,538	\$ 18,013,538	\$ 18,505,000	\$ 5,309,338	\$ 23,814,338

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

c. Debt Service Requirements to Maturity (Continued)

Year Ending December 31,	Loans		
	Governmental Activities		
	Principal	Interest	Total
2025	\$ 12,500	\$ -	12,500
2026	12,500	-	12,500
2027	12,500	-	12,500
2028	12,500	-	12,500
2029	12,500	-	12,500
TOTAL	\$ 62,500	\$ -	\$ 62,500

Year Ending December 31,	Debt Certificates		
	Governmental Activities		
	Principal	Interest	Total
2025	\$ -	\$ 1,082,601	\$ 1,082,601
2026	730,000	1,064,825	1,794,825
2027	780,000	1,028,057	1,808,057
2028	820,000	989,097	1,809,097
2029	950,000	945,997	1,895,997
2030	1,000,000	898,515	1,898,515
2031	1,060,000	848,354	1,908,354
2032	1,220,000	792,836	2,012,836
2033	1,300,000	731,474	2,031,474
2034	1,360,000	666,703	2,026,703
2035	1,550,000	595,845	2,145,845
2036	1,630,000	518,411	2,148,411
2037	1,700,000	437,326	2,137,326
2038	1,850,000	350,883	2,200,883
2039	2,000,000	257,136	2,257,136
2040	2,060,000	158,275	2,218,275
2041	2,220,000	54,057	2,274,057
TOTAL	\$ 22,230,000	\$ 11,420,392	\$ 33,650,392

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

c. Debt Service Requirements to Maturity (Continued)

Year Ending December 31,	Installment Contracts		
	Governmental Activities		
	Principal	Interest	Total
2025	\$ 19,225	-	\$ 19,225
2026	19,223	-	19,223
TOTAL	\$ 38,448	\$ -	\$ 38,448

Year Ending December 31,	IEPA Loans		
	Business-Type Activities		
	Principal	Interest	Total
2025	\$ 7,303	\$ -	\$ 7,303
2026	10,458	-	10,458
2027	10,458	-	10,458
2028	10,458	-	10,458
2029	10,458	-	10,458
2030	10,458	-	10,458
2031	10,458	-	10,458
2032	10,458	-	10,458
2033	10,458	-	10,458
2034	10,458	-	10,458
2035	10,458	-	10,458
2036	10,458	-	10,458
2037	10,458	-	10,458
2038	10,458	-	10,458
2039	10,458	-	10,458
2040	10,458	-	10,458
2041	10,458	-	10,458
2042	10,458	-	10,458
2043	10,458	-	10,458
2044	10,472	-	10,472
TOTAL	\$ 206,019	\$ -	\$ 206,019

d. Installment Contracts

The Village entered into an installment contract to purchase police equipment in October 2022. Payments of \$19,225 are due in annual installments, through October 2026.

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

e. Bond Issuance

The Village issued \$6,500,000 General Obligation Bonds, Series 2024, dated September 19, 2024. \$3,200,000 of the proceeds are allocated to governmental activities and \$3,300,000 are allocated to Water and Sewer fund (business-type activities). The proceeds of the bonds are intended to finance the design, construction and installation of certain capital improvements to the Village. Debt service payments ranging from \$195,000 to \$700,000 are due annually through December 1, 2039 with interest at 3.56% payable each June 1 and December 1.

f. IEPA Loan

The Village was the recipient of an Illinois EPA loan for the purpose of lead service line replacements in the amount of \$206,019. The loan is due in semi-annual installments ranging from \$2,074 to \$5,229, with interest at 0.00%, payable each June 30 and December 30 through December 30, 2044. Loan proceeds are intended for the purpose of lead service line replacements.

g. Tax Increment Financing Notes

The Village has issued a tax increment financing (TIF) note to a developer in the amount of \$5,000,000 for qualifying redevelopment costs incurred by the developer. The TIF note is payable to the developer and is secured solely from the tax increments collected from a specific portion of the development in the North Lincoln TIF, subordinate to the payment of Series 2021A and additional Village Note B, if and when issued. The incentive expires in 2041 and carries an interest rate of 7.00%. The obligation does not constitute a charge upon any funds of the Village. In the event that future tax increments are not sufficient to pay off the incentive, the incentive terminates with no further liability to the Village. There is no debt service to maturity for the note.

h. Legal Debt Margin

The Village is a home rule municipality.

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes governs computation of the legal debt margin.

“The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

h. Legal Debt Margin (Continued)

taxable property...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent:...indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts.”

To date, the General Assembly has set no limits for home rule municipalities.

7. LESSOR DISCLOSURES

In accordance with GASB Statement No. 87, *Leases*, the Village’s lessor activity is as follows:

The Village entered into a lease arrangement on May 17, 1990, to lease tower space. Payments ranging from \$850 to \$1,900 are due to the Village in monthly installments, through April 2030. The lease agreement is noncancelable and maintains an interest rate of 2.5667%. During the fiscal year, the Village collected \$17,852 and recognized a \$19,986 reduction in the related deferred inflow of resource. The remaining lease receivable and offsetting deferred inflow of resource for this agreement are \$112,934 and \$106,588, respectively, as of December 31, 2024.

The Village entered into a lease arrangement on September 15, 2005, to lease certain real property. Payments of \$2,500 are due to the Village in monthly installments, through April 2037. The lease agreement is noncancelable and maintains an interest rate of 1.9767%. During the fiscal year, the Village collected \$28,345 and recognized a \$28,589 reduction in the related deferred inflow of resource. The remaining lease receivable and offsetting deferred inflow of resource for this agreement are \$68,355 and \$66,710, respectively, as of December 31, 2024.

8. INDIVIDUAL FUND DISCLOSURES

a. Due To/From Other Funds

Due to/from other funds at December 31, 2024 consist of the following:

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental	Nonmajor Governmental	\$ 38,695
TOTAL		<u>\$ 38,695</u>

The significant due to/from other funds are for short term loans. Repayment is expected within one year.

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. INDIVIDUAL FUND DISCLOSURES (Continued)

- b. Transfers between funds during the period were as follows:

Fund	Transfers In	Transfers Out
General	\$ 200,000	\$ 50,000
Water and Sewer	-	200,000
Nonmajor Governmental		
Motor Fuel Tax	-	678,576
Stormwater Management	-	1,420,200
Debt Service	2,148,776	-
TOTAL ALL FUNDS	\$ 2,348,776	\$ 2,348,776

The purpose of the significant interfund transfers are as follows:

- \$200,000 transferred from the Water and Sewer Fund to the General Fund for administrative services. This transfer will not be repaid.
- \$2,148,776 transferred from the General Fund (\$50,000) and Nonmajor Governmental Funds (\$2,098,776) to the Debt Service Fund (Nonmajor Governmental) for debt service payments. This transfer will not be repaid.

9. COMMITMENTS AND CONTINGENCIES

- a. Litigation

From time-to-time, the Village is a defendant in various lawsuits. In the opinion of the Village's attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the Village. No such lawsuits were noted as of December 31, 2024.

- b. Grants

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.

9. COMMITMENTS AND CONTINGENCIES (Continued)

c. Sales Tax Incentive Agreements

The Village has an agreement with an automobile dealership based upon sales tax revenue generated and paid by this dealership during the calendar year. The Village will remit 50% of sales tax revenue, not to exceed the maximum incentive amount of \$7,000,000, for no greater than 30 years paid by this dealership. For the year ended December 31, 2024 the Village collected \$206,906 of sales tax revenue rebated to this dealership. Cumulative payments through December 31, 2024 are \$2,320,745.

The Village has an agreement with an automobile dealership based upon sales tax revenue generated and paid by this dealership during the calendar year. The Village will remit 50% of sales tax revenue, not to exceed the maximum incentive amount of \$10,000,000, for no greater than 15 years paid by this dealership. For the year ended December 31, 2024, the Village collected \$104,270 of sales tax revenue rebated to this dealership. Cumulative payments through December 31, 2024 are \$809,134.

10. JOINT VENTURES

Solid Waste Agency of Northern Cook County

The Village is a member of the Solid Waste Agency of Northern Cook County (SWANCC) which consists of 23 municipalities. SWANCC is a municipal corporation and public body politic established pursuant to the Constitution Act of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended.

SWANCC is empowered to plan, construct, finance, operate and maintain a solid waste disposal system to serve its members. SWANCC is governed by a Board of Directors which consists of one appointed representative from each member municipality. Each Director has an equal vote. The officers of SWANCC are appointed by the Board of Directors.

The Board of Directors determines the general policy of SWANCC, makes all appropriations, approves contracts, adopts resolutions providing for the issuance of bonds or notes by SWANCC, adopts by-laws, rules and regulations and exercises such powers and performs such duties as may be prescribed in the SWANCC agreement or the by-laws. Separate audited financial statements are available at 77 W. Hintz Road, Suite 200 Wheeling, IL 60090.

Revenues of the system consist of: (a) all receipts derived from Solid Waste Disposal Contracts or any other contracts for the disposal of waste; (b) all income derived from the investment of monies; and (c) all income, fees, service charges, and all grants, rents and receipts derived by SWANCC from the ownership and operation of the system.

10. JOINT VENTURES (Continued)

Solid Waste Agency of Northern Cook County (Continued)

SWANCC covenants to establish fees and charges sufficient to provide revenues to meet all its requirements. SWANCC has no power to levy taxes.

SWANCC has entered into Solid Waste Disposal Contracts (the Contracts) with the member municipalities. The Contracts are irrevocable, and may not be terminated or amended, except as provided in the Contract. Each member is obligated, on a “take or pay” basis, to purchase or in any event to pay for a minimum annual cost of the system.

The obligation of the Village to make all payments as required by this contract is unconditional and irrevocable, without regard to performance or nonperformance by SWANCC of its obligations under this contract.

The payments required to be made by the Village under this contract are required to be made solely from revenues to be derived by the Village from the operation of the refuse collection system. The Village is not prohibited by the Contract from using any other funds to make the payments required by the Contract. The Contract shall not constitute an indebtedness of the Village within the meaning of any statutory or constitutional limitation.

In accordance with the joint venture agreement, the Village remitted \$298,860 to SWANCC for the year ended December 31, 2024, which is recorded in the Village’s General Fund.

Maine Niles Association of Special Recreation (MNASR)

The District is a member of MNASR, which was organized by six area park districts and one Village in order to provide special recreation programs to physically and mentally challenged individuals and to share the expenses of such programs on a cooperative basis.

The MNASR’s Board of Directors consists of one representative from each participating park district. The Board of Directors is the governing body of MNASR and is responsible for establishing all major policies and changes therein and for approving all budget, capital outlay, programming, and master plans. The audited financial statements of MNASR are available at 6834 West Dempster, Morton Grove, IL 60053.

11. DEFINED BENEFIT PENSION PLANS

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; the Sheriff’s Law Enforcement Personnel (SLEP) (also administered by IMRF), an agent multiple-employee retirement system; and the Police Pension Plan, which is a

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes (ILCS) and may only be amended by the Illinois General Assembly. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report may be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at www.imrf.org.

a. Plan Descriptions

The table below is a summary for all pension plans as of and for the fiscal year ended December 31, 2023:

	IMRF	SLEP	Police Pension	Total
Net pension asset	\$ -	\$ 127,423	\$ -	\$ 127,423
Net pension liability	625,730	-	26,714,847	27,340,577
Deferred outflows of resources	2,555,111	61,869	1,461,673	4,078,653
Deferred inflows of resources	26,464	15,273	2,996,854	3,038,591
Pension expense (income)	(343,305)	58,085	2,012,973	1,727,753

Illinois Municipal Retirement Fund and Sheriff's Law Enforcement Personnel

Plan Administration

All employees (other than those covered by the Police Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund and Sheriff's Law Enforcement Personnel
(Continued)

Plan Membership

At December 31, 2023 (measurement date), IMRF and SLEP membership consisted of:

	Illinois Municipal Retirement	Sheriff's Law Enforcement Personnel
Inactive employees or their beneficiaries currently receiving benefits	73	1
Inactive employees entitled to but not yet receiving benefits	98	1
Active employees	58	-
TOTAL	229	2

Benefits Provided

Illinois Municipal Retirement Fund

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years and 2% for each year thereafter. 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 members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund and Sheriff's Law Enforcement Personnel
(Continued)

Benefits Provided (Continued)

Sheriff's Law Enforcement Personnel

SLEP members, having accumulated at least 20 years of SLEP service and terminating IMRF participation on or after January 1, 1988, may elect to retire at or after age 50 with no early retirement discount penalty. SLEP members meeting these two qualifications are entitled to an annual retirement benefit, payable monthly for life, in an amount generally equal to 2.50% of their final rate of earnings, for each year of credited service up to 20 years, 2% of their final earnings rate for the next ten years of credited service, and 1% for each year thereafter.

Contributions

Illinois Municipal Retirement Fund

Participating members are required to contribute 4.50% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the year ending December 31, 2024 was 4.30% of covered payroll.

Sheriff's Law Enforcement Personnel

For SLEP members retiring with less than 20 years of SLEP service, the regular IMRF pension formula applies. SLEP also provides death and disability benefits. These benefit provisions and all other requirements are established by ILCS. Participating members are required to contribute 7.50% of their annual salary to SLEP. The Village is required to contribute the remaining amounts necessary to fund SLEP as specified by statute. The employer contribution rate for the fiscal year ending December 31, 2024 was 12.48% of covered payroll.

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund and Sheriff's Law Enforcement Personnel
(Continued)

Actuarial Assumptions

The Village's net pension liability (asset) was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

	Illinois Municipal Retirement	Sheriff's Law Enforcement Personnel
Actuarial valuation date	December 31, 2023	December 31, 2023
Actuarial cost method	Entry-age normal	Entry-age normal
Assumptions		
Inflation	2.25%	2.25%
Salary increases	2.85% to 13.75%	2.85% to 13.75%
Interest rate	7.25%	7.25%
Cost of living adjustments	3.00%	3.00%
Asset valuation method	Fair value	Fair value

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. 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. 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.

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund and Sheriff's Law Enforcement Personnel
(Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.25% for both IMRF and SLEP. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's and SLEP's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.25% was used to determine the total pension liabilities.

Changes in the Net Pension Liability (Asset)

Illinois Municipal Retirement Fund

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
BALANCES AT JANUARY 1, 2023	\$ 29,772,803	\$ 28,056,315	\$ 1,716,488
Changes for the period			
Service cost	383,407	-	383,407
Interest	2,106,121	-	2,106,121
Difference between expected and actual experience	821,205	-	821,205
Changes in assumptions	(40,625)	-	(40,625)
Employer contributions	-	186,251	(186,251)
Employee contributions	-	207,360	(207,360)
Net investment income	-	3,104,656	(3,104,656)
Benefit payments and refunds	(1,829,117)	(1,829,117)	-
Other (net transfer)	-	862,599	(862,599)
Net changes	1,440,991	2,531,749	(1,090,758)
BALANCES AT DECEMBER 31, 2023	\$ 31,213,794	\$ 30,588,064	\$ 625,730

Changes in assumptions related to mortality rates were made from the prior year.

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund and Sheriff's Law Enforcement Personnel
(Continued)

Changes in the Net Pension Liability (Asset) (Continued)

Sheriff's Law Enforcement Personnel

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
BALANCES AT JANUARY 1, 2023	\$ 565,766	\$ 723,447	\$ (157,681)
Changes for the period			
Service cost	-	-	-
Interest	38,858	-	38,858
Difference between expected and actual experience	125,857	-	125,857
Changes in assumptions	760	-	760
Employer contributions	-	15,327	(15,327)
Employee contributions	-	9,558	(9,558)
Net investment income	-	84,188	(84,188)
Benefit payments and refunds	(59,597)	(59,597)	-
Administrative expense	-	-	-
Other (net transfer)	-	26,144	(26,144)
Net changes	105,878	75,620	30,258
BALANCES AT DECEMBER 31, 2023	\$ 671,644	\$ 799,067	\$ (127,423)

Changes in assumptions related to mortality rates were made from the prior year.

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund and Sheriff's Law Enforcement Personnel
(Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

Illinois Municipal Retirement Fund

For the fiscal year ended December 31, 2024, the Village recognized pension income of \$343,305. At December 31, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 681,391	\$ -
Changes in assumptions	-	26,464
Net difference between projected and actual earnings on pension plan investments	1,642,587	-
Employer contributions after the measurement date	231,133	-
TOTAL	\$ 2,555,111	\$ 26,464

\$231,133 reported as deferred outflows of resources related to pensions resulting from village contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the reporting year ending December 31, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized as pension expense by the Village as follows:

Fiscal Year Ending December 31,	
2025	\$ 602,303
2026	792,584
2027	1,120,896
2028	(218,269)
2029	-
Thereafter	-
TOTAL	\$ 2,297,514

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund and Sheriff's Law Enforcement Personnel
(Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Sheriff's Law Enforcement Personnel

For the fiscal year ended December 31, 2024, the Village recognized pension expense of \$58,085. At December 31, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to SLEP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,772	\$ 14,661
Changes in assumptions	-	612
Net difference between projected and actual earnings on pension plan investments	44,488	-
Employer contributions after the measurement date	14,609	-
TOTAL	\$ 61,869	\$ 15,273

\$14,609 reported as deferred outflows of resources related to pensions resulting from village contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the reporting year ending December 31, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to SLEP will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2025	\$ (4,161)
2026	9,582
2027	32,975
2028	(6,409)
2029	-
Thereafter	-
TOTAL	\$ 31,987

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund and Sheriff's Law Enforcement Personnel
(Continued)

Discount Rate Sensitivity

Illinois Municipal Retirement Fund

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the Village calculated using the discount rate of 7.25% as well as what the Village's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ 4,241,754	\$ 625,730	\$ (2,182,607)

Sheriff's Law Enforcement Personnel

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the Village calculated using the discount rate of 7.25% as well as what the Village's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ (70,993)	\$ (127,423)	\$ (176,574)

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan

Plan Administration

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Police Pension Plan as a pension trust fund. The plan does not issue separate financial statements.

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the Village's President, one member is elected by pension beneficiaries and two members are elected by active police employees.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Plan Membership

At December 31, 2024, the Police Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	41
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	<u>31</u>
TOTAL	<u>80</u>

Benefits Provided

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired as a police officer prior to January 1, 2011) attaining the age of 50 or older 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

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided (Continued)

greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the greater of the average monthly salary obtaining by dividing the total salary during the 48 consecutive months of service within the last of 60 months in which the total salary was the highest by the number of months in that period; or the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}\%$ for each month under 55).

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

Contributions

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the Police Pension Plan, including the costs of administering the plan, as

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Contributions (Continued)

actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% the past service cost for the Police Pension Plan. The Village's contribution policy is to contribute an amount equal to the employee normal cost under the entry-age normal method plus the amount to amortize 100% of the unfunded liability over closed 21 year period (remaining 18 years) as a level percent of payroll. For the fiscal year ended December 31, 2024, the Village's contribution was 81.86% of covered payroll.

Illinois Police Officers' Pension Investment Fund

The Illinois Police Officers' Pension Investment Fund (IPOPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate police pension funds. IPOPIF was created by Public Act 101-0610 and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds as defined in 40 ILCS 5/22B-105. Participation in IPOPIF by Illinois suburban and downstate police pension funds is mandatory.

Deposits with Financial Institutions

The plan retains all of its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the plan. The excess of available cash is required to be transferred to IPOPIF for purposes of the long-term investment for the plan.

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the plan's deposits may not be returned to it. The plan's investment policy requires pledging of collateral for all bank balances held in the plan's name in excess of federal depository insurance, at amounts ranging from 110% to 115% of the fair value of the funds secured, with the collateral held by an independent third party or the Federal Reserve Bank.

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investments

Investments of the plan are combined in a commingled external investment pool and held by IPOPIF. A schedule of investment expenses is included in IPOPIF's annual comprehensive financial report. For additional information on IPOPIF's investments, please refer to their annual comprehensive financial report as of June 30, 2024. A copy of that report can be obtained from IPOPIF at 456 Fulton Street, Suite 402, Peoria, Illinois 61602 or at www.ipopif.org.

Fair Value Measurement

The plan categorizes fair value measurements within the fair value hierarchy established by GAAP. 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; and Level 3 inputs are significant unobservable inputs. The plan held no investments subject to fair value measurement at December 31, 2024.

Net Asset Value

The Net Asset Value (NAV) of the plan's pooled investment in IPOPIF was \$29,176,143 at December 31, 2024. The pooled investments consist of the investments as noted in the target allocation table below. Investments in IPOPIF are valued at IPOPIF's share price, which is the price the investment could be sold. There are no unfunded commitments at December 31, 2024. The plan may redeem shares with a seven calendar day notice. IPOPIF may, at its sole discretion and based on circumstances, process redemption requests with fewer than a seven calendar day notice. Regular redemptions of the same amount on a particular day of the month may be arranged with IPOPIF.

Investment Policy

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

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Rate of Return

For the fiscal year ended December 31, 2024 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.59%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 6.80% in 2024 (no change from 2023). The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2024	\$ 57,462,876	\$ 27,098,332	\$ 30,364,544
Changes for the period			
Service cost	689,745	-	689,745
Interest	3,678,892	-	3,678,892
Difference between expected and actual experience	(1,670,271)	-	(1,670,271)
Changes in benefit terms	(530,440)	-	(530,440)
Changes in assumptions	-	-	-
Employer contributions	-	2,925,700	(2,925,700)
Employee contributions	-	353,820	(353,820)
Net investment income	-	2,561,546	(2,561,546)
Benefit payments and refunds	(3,366,243)	(3,366,243)	-
Administrative expense	-	(23,443)	23,443
Net changes	(1,198,317)	2,451,380	(3,649,697)
BALANCES AT DECEMBER 31, 2024	\$ 56,264,559	\$ 29,549,712	\$ 26,714,847

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Changes in the Net Pension Liability (Continued)

There was a change in actuarial assumptions related to the inflation rate, individual pay increases, retirement rates, termination rates, disability rates, mortality rates and mortality improvement rates, and duty death probability from the prior year.

The funded status of the plan at December 31, 2024 was 52.52%.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2024
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.25%
Salary increases	3.25%
Interest rate	6.80%
Cost of living adjustments	2.25%
Asset valuation method	Fair value

Mortality rates were based on rates developed in the PubS-2010(A) Study adjusted using MP-2021 Improvement Rates on a fully generational basis.

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 6.80% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.80%) or 1 percentage point higher (7.80%) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
Net pension liability	\$ 33,926,764	\$ 26,714,847	\$ 20,779,679

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended December 31, 2024, the Village recognized police pension expense of \$2,012,973. At December 31, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 806,448	\$ 2,474,974
Changes in assumption	655,225	437,380
Net difference between projected and actual earnings on pension plan investments	-	84,500
TOTAL	\$ 1,461,673	\$ 2,996,854

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

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

Fiscal Year Ending December 31,	
2025	\$ 209,173
2026	(369,739)
2027	(573,737)
2028	(530,700)
2029	(270,178)
Thereafter	-
TOTAL	<u>\$ (1,535,181)</u>

12. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the Village provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan (the 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 General Fund, Enterprise Funds, Governmental Activities and Business-Type Activities.

b. Benefits Provided

The Village provides pre- and post-Medicare postretirement health insurance to retirees, their spouses and dependents (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under one of the Village's two retirement plans. The retirees pay 100% of the average employer group cost. The retiree pays a blended premium which creates an implicit subsidy. For certain disabled employees who qualify for health insurance benefits under the Public Safety Employee Benefits Act (PSEBA), the Village is required to pay 100% of the cost of basic health insurance for the employee and their dependents for their lifetime.

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

c. Membership

At December 31, 2024 membership consisted of:

Retirees and beneficiaries currently receiving benefits	18
Terminated employees entitled to benefits but not yet receiving them	-
Active participants	<u>87</u>
TOTAL	<u>105</u>
Participating employers	<u><u>1</u></u>

d. Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2024, using the following actuarial methods and assumptions.

Actuarial valuation date	January 1, 2025
Measurement date	December 31, 2024
Actuarial cost method	Entry-age normal
Inflation	2.50%
Discount rate	4.08%
Healthcare cost trend rates	Ranging from 7.00% Fiscal 2021, to an Ultimate Trend Rate of 5.00%
Asset valuation method	N/A
Mortality rates	IMRF Employees: PubG-2010B Improved Generationally using MP2021 Improvement Rates Police Employees: PubS-2010(A) Study improved to 2017 using MP2021 Improvement Rates.

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Discount Rate

The discount rate was based on the S&P Municipal Bond 20-year high-grade rate index rate for tax exempt general obligation municipal bonds rated AA or better at December 31, 2024.

f. Changes in the Total OPEB Liability

	Total OPEB Liability
BALANCES AT JANUARY 1, 2024	<u>\$ 4,575,736</u>
Changes for the period	
Service cost	365,669
Interest	143,885
Differences between expected and actual experience	(2,356,827)
Changes in assumptions	174,435
Implicit benefit payments	(324,188)
Other changes	<u>-</u>
Net changes	<u>(1,997,026)</u>
BALANCES AT DECEMBER 31, 2024	<u>\$ 2,578,710</u>

There was a change in assumptions related to the inflation rate, retirement rates, termination rates, disability rates, mortality rates and mortality improvement rates in 2024.

g. Rate Sensitivity

The following is a sensitive analysis of total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the Village calculated using the discount rate of 4.08% 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 (3.08%) or 1 percentage point higher (5.08%) than the current rate:

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Total OPEB liability	\$ 2,752,993	\$ 2,578,710	\$ 2,412,689

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

g. Rate Sensitivity (Continued)

The table below presents the total OPEB liability of the Village calculated using the healthcare rate of 7.00% to 5.00% as well as what the Village's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (6.00% to 4.00%) or 1 percentage point higher (8.00% to 6.00%) than the current rate:

	1% Decrease (6.00% to 4.00%)	Current Healthcare Rate (7.00% to 5.00%)	1% Increase (8.00% to 6.00%)
Total OPEB liability	\$ 2,274,043	\$ 2,578,710	\$ 2,939,840

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

For the year ended December 31, 2024, the Village recognized OPEB expense of \$19,406.

At December 31, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,177,600
Changes in assumptions	161,169	-
TOTAL	\$ 161,169	\$ 2,177,600

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

<u>Year Ending December 31,</u>	
2025	\$ (165,961)
2026	(165,961)
2027	(165,961)
2028	(165,961)
2029	(165,961)
Thereafter	(1,186,626)
TOTAL	\$ (2,016,431)

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

13. RESTATEMENTS

For the fiscal year ended December 31, 2024, the Village has reported restatements to beginning balances as follows:

	Reporting Units Affected by Restatements of Beginning Balance		
	Governmental Activities	Business- Type Activities	Water and Sewer
NET POSITION JANUARY 1, 2024, AS PREVIOUSLY REPORTED	\$ 21,649,414	\$ 11,142,444	\$ 11,142,444
Change in accounting principle - GASB 101	(417,018)	(15,965)	(15,965)
Restatement – correction of error	(5,748,611)	-	-
Total Restatement	(6,165,629)	(15,965)	(15,965)
NET POSITION JANUARY 1, 2024, AS RESTATED	\$ 15,483,785	\$ 11,126,479	\$ 11,126,479

	Reporting Units Affected by Restatements of Beginning Balance	
	Governmental Funds	
	Stormwater Management	Nonmajor Governmental
NET POSITION JANUARY 1, 2024, AS PREVIOUSLY REPORTED	\$ 3,277,824	\$ 7,972,904
Change within reporting entity - major fund to nonmajor	(3,277,824)	3,277,824
NET POSITION JANUARY 1, 2024, AS RESTATED	\$ -	\$ 11,250,728

For the fiscal year ended December 31, 2024, the Village implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused time owed to employees upon separation of employment, the Village now recognizes an estimated amount of sick leave earned as of year end that will be used by employees as time off in future years as part of the liability for compensated absences. For the implementation, the beginning net position has been restated as presented above.

VILLAGE OF LINCOLNWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

13. RESTATEMENTS (Continued)

The implementation of this guidance resulted in an increase in compensated absences and general government, public safety, highways and streets and culture and recreation expense of \$417,018 for the fiscal year ended December 31, 2023. The implementation of this guidance resulted in an increase in compensated absences and waterworks and sewerage expense of \$15,965 for the fiscal year ended December 31, 2023.

A restatement was reported to reflect the principal and accrued interest payable associated with Tax Increment Financing notes issued to a developer, which had previously not been reported as long-term liabilities of the Village's governmental activities.

The Stormwater Management Fund was reported as a major fund for the fiscal period ended December 31, 2023. For the fiscal year ended December 31, 2024, this fund is reported as nonmajor governmental fund, resulting in adjustments to fund balances as previously reported, as presented in the table above.