

# **CITY OF PALOS HILLS, ILLINOIS**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

*As of and for the Year Ended April 30, 2024*

*And Report of Independent Auditor*

CITY OF PALOS HILLS, ILLINOIS  
TABLE OF CONTENTS

---

**INTRODUCTORY SECTION**

Letter of Transmittal..... i-iv  
GFOA Certificate of Achievement..... v  
Organizational Chart..... vi  
Officers and Officials.....vii

**FINANCIAL SECTION**

**REPORT OF INDEPENDENT AUDITOR..... viii–xi**

**MANAGEMENT'S DISCUSSION AND ANALYSIS ..... xii-xix**

**BASIC FINANCIAL STATEMENTS**

Government-Wide Financial Statements:  
Statement of Net Position..... 1  
Statement of Activities..... 2  
Fund Financial Statements:  
Balance Sheet - Governmental Funds ..... 3  
Reconciliation of Fund Balances - Total Governmental Funds to Net Position of  
Governmental Activities ..... 4  
Statement of Revenues, Expenditures and Change in Fund Balances -  
Governmental Funds ..... 5  
Reconciliation of the Net Change in Fund Balances - Total Governmental  
Funds to the Change in Net Position of Governmental Activities..... 6  
Statement of Revenues, Expenditures and Change in Fund Balances - Budget  
and Actual - General Fund..... 7  
Statement of Net Position - Proprietary Funds..... 8-9  
Statement of Revenues, Expenses and Change in Net Position  
- Proprietary Funds ..... 10  
Statement of Cash Flows - Proprietary Funds ..... 11-12  
Statement of Fiduciary Net Position - Pension Trust Fund..... 13  
Statement of Change in Fiduciary Net Position - Pension Trust Fund ..... 14  
Notes to the Financial Statements..... 15-46

**REQUIRED SUPPLEMENTARY INFORMATION**

Employee Retirement and Postemployment Benefit Plan Information:  
Police Pension Plan ..... 47-49  
Illinois Municipal Retirement Fund..... 50-53  
Retiree Health Care Plan ..... 54

**CITY OF PALOS HILLS, ILLINOIS**  
**TABLE OF CONTENTS (CONTINUED)**

---

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

Major Governmental Funds:

General Fund:

Balance Sheet.....	55
Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual.....	56
Schedule of Expenditures - Budget and Actual.....	57-59

Capital Projects Fund:

Balance Sheet .....	60
Schedule of Revenues, Expenditures and Change in Fund Balances .....	61

Motor Fuel Tax Fund:

Balance Sheet .....	62
Schedule of Revenues, Expenditures and Change in Fund Balances .....	63

Major Proprietary Funds:

Waterworks and Sewerage Fund:

Statement of Net Position.....	64-65
Schedule of Revenues, Expenses and Change in Net Position - Budget and Actual .....	66-67
Schedule of Operating Expenses - Budget and Actual.....	68-69
Statement of Cash Flows .....	70-71

Golf Course Fund:

Statement of Net Position.....	72
Schedule of Revenues, Expenses and Change in Net Position - Budget and Actual .....	73
Schedule of Operating Expenses - Budget and Actual.....	74-75
Statement of Cash Flows .....	76-77

Nonmajor Governmental Funds:

Combining Balance Sheet - Nonmajor Governmental Funds .....	78
Combining Statement of Revenues, Expenditures and Change in Fund Balances - Nonmajor Governmental Funds .....	79

Special Revenue Fund:

DEA / Customs Revenue Fund:

Balance Sheet.....	80
Schedule of Revenues, Expenditures and Change in Fund Balances .....	81

Capital Projects Fund:

Park Development Fund:

Balance Sheet .....	82
Schedule of Revenues, Expenditures and Change in Fund Balances .....	83

Fiduciary Fund:

Pension Trust Fund:

Police Pension Fund:

Statement of Fiduciary Net Position .....	84
Statement of Change in Fiduciary Net Position .....	85

Schedules of Capital Assets Used in the Operations of Governmental Funds:

By Source .....	86
By Function and Activity .....	87
Changes by Function and Activity .....	88

**CITY OF PALOS HILLS, ILLINOIS**  
**TABLE OF CONTENTS (CONTINUED)**

---

**STATISTICAL SECTION**

Statistical Section .....	89
Net Position by Component .....	90
Changes in Net Position .....	91-92
General Government Tax Revenues by Source .....	93
Fund Balances of Governmental Funds .....	94
Changes in Fund Balances of Governmental Funds .....	95
Assessed Value and Estimated Actual Value of Taxable Property .....	96
Property Tax Rates - Direct and Overlapping Governments .....	97
Principal Property Taxpayers .....	98
Property Tax Levies and Collections .....	99
Ratios of Outstanding Debt by Type .....	100
Direct and Overlapping Governmental Activities Debt .....	101
Legal Debt Margin Information .....	102
Demographic and Economic Statistics .....	103
Full-time Equivalent City Government Employees by Function .....	104
Operating Indicators and Capital Asset Statistics by Function .....	105

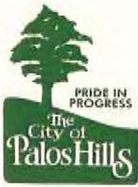
**OTHER INFORMATION SECTION**

Government-wide Revenues .....	106
Government-wide Expenses by Function .....	107
General Government Revenues by Source .....	108
General Government Expenditures by Function .....	109
Table of Insurance Coverage .....	110

**COMPLIANCE SECTION**

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	111-112
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## **INTRODUCTORY SECTION**



# CITY OF PALOS HILLS

GERALD R. BENNETT  
Mayor

RUDY A. MULDERINK  
City Clerk

KENNETH J. NOLAN  
City Treasurer

December 9, 2024

## ALDERMEN

*Martin Kleefisch  
Mike Price*

*Pauline A. Stratton  
Mark Brachman*

*A. J. Pasek  
Mike Lebarre*

*Phillip Abed  
Peter A. Donahue*

*Dawn M. Nowak  
Donna O'Connell*

The Citizens and Honorable Mayor and  
Members of the City Council  
City of Palos Hills, Illinois:

The annual comprehensive financial report for the City of Palos Hills, Illinois, for the fiscal year ended April 30, 2024, is submitted herewith. The report has been prepared by the Treasurer's Office. The Mayor and the Treasurer are responsible for all financial transactions of the City of Palos Hills and for the contents of the annual comprehensive financial report. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain maximum understanding of the City's financial affairs have been included.

Generally accepted accounting principles ("U.S. GAAP") requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The City's reporting entity includes the City government and all related organization for which the City exercises financial accountability as defined by the Government Accounting Standards Board (GASB). The City has developed criteria to determine whether outside agencies with activities which benefit the citizens of the City should be included within its financial reporting entity. Governmental entities, such as School Districts 117, 118, 230 and 524, North Palos fire Protection District, and the Green Hills Public Library which are located primarily within the City's limits are not included in the City's reporting entity. The City exercises no financial accountability for these entities, and they are therefore not included in the City's basic financial statements.

## The City and Its Services

The City of Palos Hills was incorporated as a City in 1958 and adopted the Mayor Alderman form of government. The Mayor, Clerk, Treasurer, and the ten Aldermen of the City Council are elected for four-year terms.

The City of Palos Hills is a residential community of 18,530 people. It is approximately twenty-two miles southwest of downtown Chicago in Cook County.

The City of Palos Hills provides basic municipal services which include:

Administration	Police
Building and Zoning	Public Works
Community Resource and Recreation	P.A.T.S.E.*
Golf Course	Sewer and Water

\* P.A.T.S.E. – Palos Area Transportation Service for the Elderly

## **Major Initiatives**

### **Economic Condition and Outlook**

The City's share of the total tax bill is less than 6% of total local property tax bill and the City has no general obligated bond indebtedness. The City has adopted a Utility Tax of 5%, an Eating Tax of 1% and Video Gaming Tax of 5%. These funds are anticipated to replenish fund reserves by \$1 million annually.

### **For the Year**

The City of Palos Hills continues major infrastructure improvements in such areas as road resurfacing, drainage, improvements, and flood control. We maintain one of the lowest water and sewer rates in the area.

We have initiated several major programs and services for the health, safety, and welfare of our citizens. A Community Crime Prevention Program continues to be maintained by the Police Department that alerts the community by increasing their awareness along with the cooperation of the Police Department to prevent local crime. The Police Department is a participant of the Drug Enforcement Administration that returns thousands of dollars in additional revenue to the City. The City continues to modernize the Police Department. Additional equipment purchases will come from the \$100,000 Federal Drug Enforcement Funds.

The City of Palos Hills maintains a 45-acre golf course that was a former landfill site. This project and its capitalization resulted in no additional requirement for a tax increase and with its opening in July 1990; the City now generates revenues that sustain the golf course operations. The Golf Course includes a Pro Shop and Banquet facilities in which to generate additional revenues. The City retired the debt certificates on the Golf Course.

In addition to the Golf Course, debt was used for renovations of City Hall and the police department building.

The City merged the Park and Recreation Department and the Community Resource Department to form the Community Resource & Recreation Department. These services are through the General Fund, thereby eliminating additional taxation. The department has generated great enthusiasm and community pride in sponsoring recreational programs and special events for both youth and senior citizens in the community. In recognition of their activities, the State of Illinois has awarded the City its Home Town Award for 32 years. With the cooperation of local builders, funds are provided for Park Development.

The City continues to work on a major Sewer and Water Rehab project throughout the City. A fee assessed to our residents on their monthly water bill undertakes the funding for this project. For the fiscal year, the City was MWRD ICAP compliant.

Phases I and II of the Bennett Park development are complete. Bennett Park is the 30-acre Lake n' Park property which the City purchased in 2004. A walking path, a pedestrian bridge, and other recreational amenities were part of Phase I. Phase II consisted of construction of a Public Works and Police Facility on 9 acres of this property. Over the course of the project, the City received \$450,000 from the State of Illinois for improvements. The Public Works facility was completed in 2020.

For the 34th consecutive year, the City of Palos Hills has been named a recipient of the Tree City USA award.

The City continues to work with its software and hardware vendors to ensure safe and secure up-to-date computerization of all its systems. The City has a web site that keeps our residents informed on events, City codes and the ability to make payments for their water bills.

### **For the Future**

The City of Palos Hills enters fiscal year 2025 on a very sound financial basis. Budgeted revenue and expenditures for the General Fund are balanced, and the City over the last two years has seen a significant over budget revenue surplus of \$2 million dollars in the operating fund. The City has received \$2.3 million dollars in Federal ARPA monies, which were designated for immediate recovery needs. The Sewer and Water Fund budgeted revenues and expenditures, with surplus revenue gains over the last 10 years, is reflected in our Sewer and Water unrestricted net position of \$5 million dollars. In addition, our long-term Sewer and Water Capital fund balance is \$1.2 million dollars. The City will continue to see this fund grow with planned capital improvements to the City infrastructure. The City Golf Enterprise Fund has also seen revenue surplus over the last two years.

### **Long-Term Financial Planning**

The City of Palos Hills shall continue to pay down long-term capital debt service. The General Fund reserve is expected to increase with continued improvement in fiscal operations. Greater streamlining of General Fund operations in both staffing and expenditures should lead to a healthier fiscal condition in the long term. Capital improvement projects will be delayed until federal or state funding grants become more available, along with the ability of the City of Palos Hills to fiscally be able to provide some local match. The City passed a 3% cannabis tax, and will use this new revenue to contribute to the Police Pension Fund.

Future surplus revenues from the General Fund will also be contributed to the Police Pension with the goal of an additional \$3.5 million dollars over the next five years. The anticipated State of Illinois consolidation of the Police Pension Funds should generate an estimated 8% of investment return, which should significantly stabilize long term return on pension investments.

### **Accounting System and Budgetary Control**

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the detailed account level through the use of departmental Internal Management reports with legal control at the fund level. These monthly departmental Internal Management reports are utilized to analyze actual versus the budget. The Mayor and City Council meet regularly to discuss the favorable and unfavorable variances to the actual to budget. Annual budgets are adopted for the General Fund, Waterworks and Sewerage Fund and Golf Course Fund.

## **Financial Highlights**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operation of each fund is accounted for with a separate set of self-balancing accounts that includes its assets, liabilities, fund balance/net assets, revenues, and expenditures/expenses.

## **Capital Assets**

The capital assets of the City are those assets used in the performance of general governmental functions. As of April 30, 2024, the capital assets of the City amounted to \$25,749,833. This amount represents the actual and estimated original cost, net of accumulated depreciation, of the assets and is less than their present replacement value. Annual appraisals are used for the updating of replacement values for insurance purposes with the City providing historical cost information.

## **Debt Administration**

The City of Palos Hills has not been required to issue debt since 1967 and has a current a BBB+ bond rating, as there are no outstanding general debt obligations.

## **Independent Audit**

In accordance with State statues, Cherry Bekaert LLP, of Orland Park, Illinois, conducted an independent audit for fiscal year ending April 30, 2024. Cherry Bekaert's audit included tests of the accounting records and accounting procedures in accordance with generally accepted auditing standards. They are not responsible for presentation of the financial statements nor for the information contained in them. However, their tests have allowed them to issue an unmodified opinion on the general purpose financial statements.

## **Certificate of Achievement for Excellence in Financial Reporting**

The Government Finance Officers Association (GFOA) awards a Certificate of Achievement to governmental units that publish an easily readable and efficiently organized annual comprehensive financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The City of Palos Hills received the Certificate for thirty-five consecutive years since fiscal year 1988 through 2023.

The City of Palos Hills is herewith submitting the enclosed financial report for fiscal year ended April 30, 2024, to re-apply for another Certificate of Achievement award. Since the Certificate is valid for a period of one year, the City will need to annually re-apply for certification. It is our goal of the City's Mayor and Council members to annually be eligible for the Certificate of Achievement award.

## **Acknowledgements**

The preparation of this report could not have been completed without the efficiency and dedication of the entire staff of the Treasurer's Office. I should like to express my appreciation to all members of the department who assisted and contributed to its preparation.

I should also like to thank the Mayor and Council members for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.



Respectfully submitted,

Kenneth J. Nolan  
Treasurer, City of Palos Hills



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Palos Hills  
Illinois**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

April 30, 2023

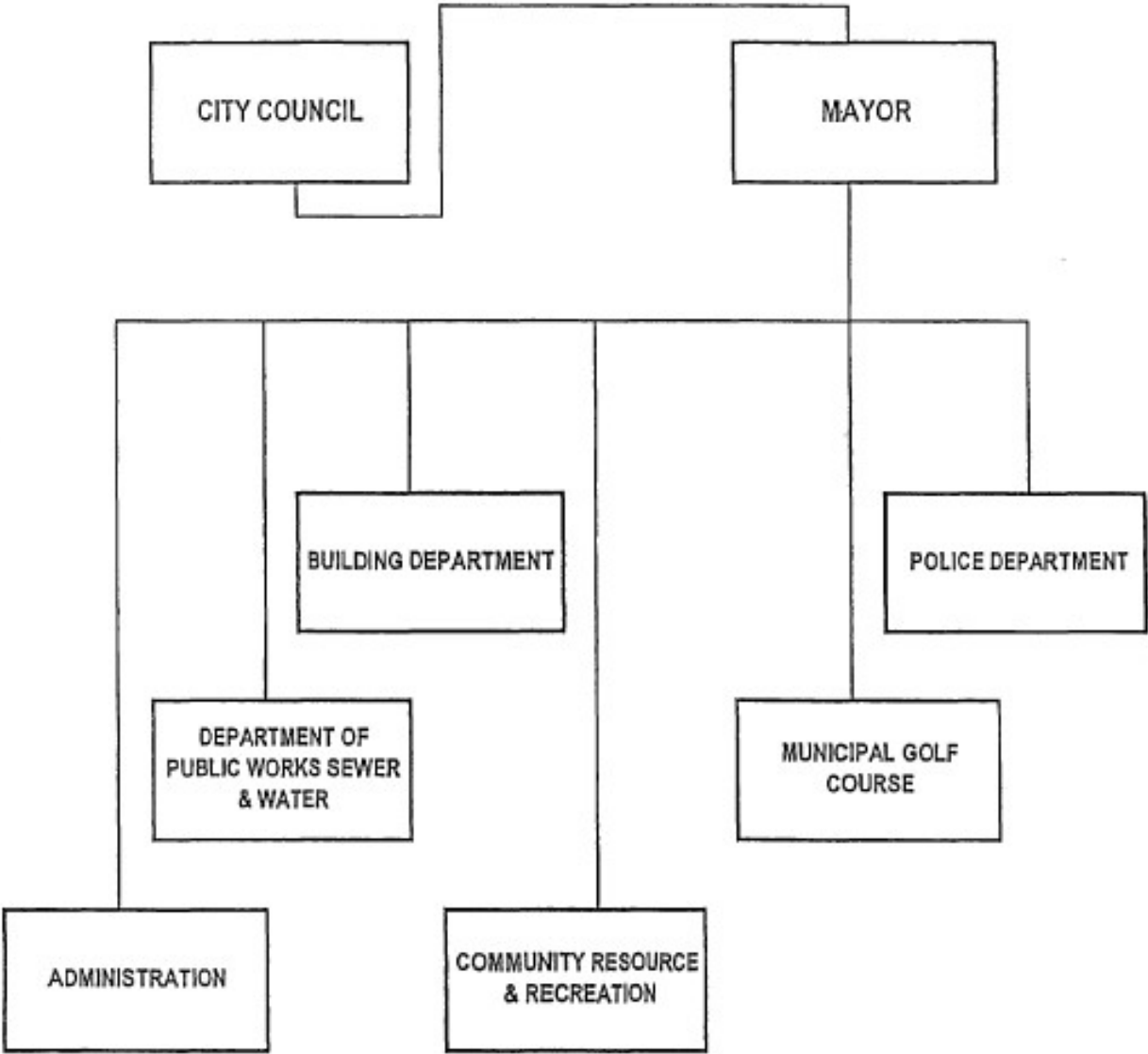
*Christopher P. Morill*

Executive Director/CEO

**CITY OF PALOS HILLS, ILLINOIS**  
**ORGANIZATIONAL CHART**

APRIL 30, 2024

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**CITY OF PALOS HILLS, ILLINOIS**  
**OFFICERS AND OFFICIALS**

*APRIL 30, 2024*

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MAYOR

GERALD R. BENNETT

ALDERMEN

PHIL ABED  
MARK BRACHMAN  
MARTIN KLEEFISCH  
MIKE LEBARRE  
PETER DONAHUE  
DAWN NOWAK  
DONNA O'CONNELL  
A.J. PASEK  
MIKE PRICE  
PAULINE STRATTON

CLERK

RUDY A. MULDERINK

TREASURER

KENNETH J. NOLAN

CHIEF OF POLICE

JEFF CUCIO

SEWER AND WATER COMMISSIONER

NICK OEFFLING

ATTORNEYS

GEORGE PAPPAS  
JOSEPH CAINKAR

## **FINANCIAL SECTION**

## Report of Independent Auditor

To the Honorable Members of the City Council  
City of Palos Hills, Illinois  
Palos Hills, 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 City of Palos Hills, Illinois (the "City"), as of and for the year ended April 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City 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 City, as of April 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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

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 ability of the City to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 internal control of the City. 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 ability of the City to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The basic financial statements of the City as of April 30, 2023 were audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, by PKF Mueller, LLP, which was acquired by Cherry Bekaert LLP as of December 31, 2023, and whose report dated November 9, 2023 expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City as a whole. The individual fund financial statements and schedules for the year ended April 30, 2023, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the April 30, 2023 basic financial statements. The information was subjected to the audit procedures applied in the audit of those 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 and *Government Auditing Standards*. In our opinion, the April 30, 2023 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

## **Other Information**

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2024, on our consideration of the internal control over financial reporting of the City and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting of the City or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control over financial reporting and compliance of the City.

A handwritten signature in black ink that reads "Cherry Bekaert LLP". The signature is written in a cursive, flowing style.

Orland Park, Illinois  
December 9, 2024

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **CITY OF PALOS HILLS, ILLINOIS**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

*APRIL 30, 2024*

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The City of Palos Hills' (the "City") Management Discussion and Analysis (MD&A) is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page i) and the City's financial statements (beginning on page 1).

### **Using the Financial Section of this Comprehensive Annual Report**

Prior to Governmental Accounting Standards Board ("GASB") 34, the primary focus of local governmental financial statements had been summarized fund-type information on a current financial resource basis. This was modified with GASB 34 for the City's financial statements to present two kinds of statements, each with a different snapshot of the City's finances. 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 City's accountability.

### **Government-Wide Financial Statements**

The government-wide financial statements (see pages 1-2) are designed to emulate the corporate sector in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates the governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities (see page 2) 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.

The Governmental Activities reflect the City's basic services, including police, public works, parks, and administration. Shared state sales, local utility and shared state income taxes finance the majority of these services. The Business-type Activities reflect private sector-type operations (Waterworks and Sewerage and Golf), where the fee for service typically covers all or most of the cost of operation, including depreciation.

### **Fund Financial Statements**

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is on Major Funds, rather than (the previous model's) fund types.

The Governmental Funds (see pages 3 and 5) presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith.

# CITY OF PALOS HILLS, ILLINOIS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2024

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The Fund Financial Statements also allow the government to address its Fiduciary Fund (Police Pension, see pages 13-14). While this Fund represents 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.

While the Total Enterprise Funds column on the Proprietary Fund Financial Statements (see pages 8-10) is the same as the Business-type Activities column on the Government-Wide Financial Statement, the Governmental 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 4 and 6). The flow of current financial resources will reflect bond proceeds and interfund 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 Financial Statements).

### Infrastructure Assets

Historically, a government's largest group of assets (infrastructure – roads, bridges, storm sewers, etc.) have not been reported nor depreciated in governmental financial statements. GASB 34 requires that these assets be valued and reported within the Governmental column of the Government-Wide Financial Statements. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful life or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. 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 City has chosen to depreciate assets over their useful lives. 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 Financial Statements

*Statement of Net Position* – As can be seen in Table 1 (see below), current assets and capital assets of the City remained relatively flat compared to the prior year.

Deferred outflows of resources decreased from April 30, 2023 to April 30, 2024 and deferred inflows of resources increased during the same period. These changes relate primarily to the pension funds of the City.

The liabilities of the City decreased from April 30, 2023 to April 30, 2024. The decrease relates primarily to the pension funds of the City.

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the City, total primary government assets exceeded liabilities by \$1.2 million as of April 30, 2024.

A significant portion of the City's Net Position reflects its investment in capital assets (i.e., land, land improvements, streets and bridges, storm sewers, water mains, buildings, and vehicles) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City'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.

**CITY OF PALOS HILLS, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

APRIL 30, 2024

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 10.6	\$ 10.8	\$ 5.1	\$ 4.9	\$ 15.7	\$ 15.7
Capital assets	18.5	18.2	7.3	6.8	25.8	25.0
Total Assets	29.1	29.0	12.4	11.7	41.5	40.7
Deferred outflows of resources	12.0	15.7	1.4	1.3	13.4	17.0
Current and other liabilities	1.1	1.2	0.4	0.5	1.5	1.7
Long-term liabilities outstanding	36.7	42.2	1.8	1.4	38.5	43.6
Total liabilities	37.8	43.4	2.2	1.9	40.0	45.3
Deferred inflows of resources	13.2	8.8	0.5	0.5	13.7	9.3
Net position (deficit):						
Net investment in capital assets	12.8	12.2	6.6	6.7	19.4	18.9
Restricted	0.7	1.7	-	-	0.7	1.7
Unrestricted	(23.4)	(21.4)	4.5	3.9	(18.9)	(17.5)
Total Net Position (Deficit)	\$ (9.9)	\$ (7.5)	\$ 11.1	\$ 10.6	\$ 1.2	\$ 3.1

The City's combined Net Position, which is the City's equity, decreased by \$1.9 million compared with the prior year. Business-type activities Net Position increased by \$0.5 million compared with the prior year. Governmental activities Net Position decreased by \$2.4 million for a year-end deficit of \$9.9 million.

**Normal Impacts**

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

*Net Results of Activities* – which will impact (increase/decrease) current assets and unrestricted Net Position.

*Borrowing for Capital* – which will increase current assets and long-term debt.

*Spending Borrowed Proceeds on New Capital* – which 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.

*Spending of Non-borrowed Current Assets on New Capital* – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted Net Position and increase invested in capital assets, net of debt.

*Principal Payment on Debt* – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted Net Position and increase invested in capital assets, net of debt.

*Reduction of Capital Assets through Depreciation* – which will reduce capital assets and invested in capital assets, net of debt.

**Current Year Impacts**

The decrease in Net Position for the governmental activities is primarily due to changes in the City's future liability to its retirees associated with the Illinois Municipal Retirement Fund (IMRF) and Police Pension Fund, and the increase in the liability recognized for postemployment benefits.

The City's governmental activities Net Position decreased by \$2.4 million in the current year primarily due to decrease in grant revenue. The City's business-type activities Net Position increased by \$0.7 million before transfers in the current year, due primarily to improve operating results and increased water rates in the waterworks and sewerage fund.

# CITY OF PALOS HILLS, ILLINOIS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2024

### Changes in Net Position

The following chart compares the revenue and expenses for the current fiscal year.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 2.3	\$ 2.2	\$ 7.5	\$ 7.2	\$ 9.8	\$ 9.4
Operating grants and contributions	0.1	1.2	-	-	0.1	1.2
Capital grants and contributions	1.4	1.8	-	-	1.4	1.8
General revenues:						
Property taxes	2.5	2.4	-	-	2.5	2.4
Other taxes	6.5	6.4	-	-	6.5	6.4
Other income	1.5	1.4	0.2	-	1.7	1.4
Total Revenues	14.3	15.4	7.7	7.2	22.0	22.6
Expenses:						
General government	2.8	2.6	-	-	2.8	2.6
Parks and recreation	1.4	0.7	0.4	0.3	1.8	1.0
Public safety	9.8	9.6	-	-	9.8	9.6
Public works	2.7	2.9	6.6	6.4	9.3	9.3
Interest on long-term debt	0.2	0.2	-	-	0.2	0.2
Total Expenses	16.9	16.0	7.0	6.7	23.9	22.7
Change in net position before transfers	(2.6)	(0.6)	0.7	0.5	(1.9)	(0.1)
Transfers	0.2	0.5	(0.2)	(0.5)	-	-
Change in net position	(2.4)	(0.1)	0.5	-	(1.9)	(0.1)
Net position at beginning of year	(7.5)	(7.4)	10.6	10.6	3.1	3.2
Net position at end of year	\$ (9.9)	\$ (7.5)	\$ 11.1	\$ 10.6	\$ 1.2	\$ 3.1

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

### Normal Impacts Revenues:

*Economic Condition* – which can reflect a declining, stable or growing economic environment and has a substantial impact on state income, sales and utility tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption.

*Increase/Decrease in City Board Approved Rates* – while certain tax rates are set by statute, the City Board has significant authority to impose and periodically increase/decrease rates (water, wastewater, impact fee, building fees, home rule sales tax, etc.).

*Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring)* – certain recurring revenues (state shared revenues, etc.) 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.

*Market Impacts on Investment Income* – the City's investment portfolio is managed using a similar average maturity to most governments. Market conditions may cause investment income to fluctuate.

### Expenses:

*Introduction of New Programs* – within the functional expense categories (Public Safety, Public Works, General Government, Parks, etc.) individual programs may be added or deleted to meet changing community needs.

# CITY OF PALOS HILLS, ILLINOIS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2024

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*Increase in Authorized Personnel* – changes in service demand may cause the City Board to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent 62% of the City's operating costs.

*Salary Increases (Annual Adjustments and Merit)* – the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the marketplace.

*Inflation* – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuels, and parts. Some functions may experience unusual commodity specific increases.

### **Current Year Impacts Revenues:**

The City's governmental activities total revenues decreased by \$1.1 million when compared to the prior year amount of \$15.4 million. The decrease relates primarily to operating grant and capital grant revenues.

The City's business-type activities total revenues increased by \$0.5 million when compared to the prior year amount of \$7.2 million.

The Police Pension Fund investment returns increased to 8.88% in 2024 attributable to favorable market conditions. Actuarial assumptions estimate an annual expected rate of return of 6.5% for Pension Fund purposes. Benefit payments decreased by 3 percent in 2024. The decrease is attributable to prior year transfers to other pension, which did not occur in 2024.

### **Expenses:**

The City's total expenses for governmental activities for the year ended April 30, 2024, were \$16.9 million, an increase of \$0.9 million, compared to \$16 million reported as of April 30, 2023.

The City's total expenses for business-type activities for the year ended April 30, 2024, were \$7 million. The Waterworks and Sewage activities accounted for the largest share of the total, which was \$6.6 million. The City maintains its own wastewater treatment plant. Additionally, the City provides Lake Michigan water to its residents by purchasing its water supply from the Village of Oak Lawn. The waterworks and sewerage accounted for 94% of the total business-type activities. The remaining business-type activities expense related to the operations of the City golf course.

### **Financial Analysis of the City's Funds**

#### **Governmental Funds**

On April 30, 2024, the governmental funds (as presented on the balance sheet on page 5) reported a combined fund balance of \$7.9 million. Expenditures and other financing uses exceeded revenues and other financing sources in 2024, netting \$605K.

The General Fund experienced an operating income of \$158K after other financing sources. This resulted in a year-end fund balance of \$5.6 million. Revenues decreased by \$754K, and expenditures increased by \$807K. Intergovernmental tax revenues decreased by \$935K over the prior year, due to the City exhausting the *American Rescue Plan Act* funding in the prior year. Public safety expenditures increased by \$514K, attributable to pension costs.

Capital outlay public safety expenditures increased by \$572K attributable to the purchase of police vehicles. General Fund total other financing sources was \$664K for the year ended April 30, 2024. The current year other financing sources are attributable to leases and transfers in, consistent with the prior year.

# CITY OF PALOS HILLS, ILLINOIS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2024

The Capital Projects Fund experienced a current year increase in fund balance of \$227K, resulting in a year-end fund balance of \$1.2 million. The net change in fund balance in prior year amounted to \$683K.

The Motor Fuel Tax Fund experienced a current year decrease in fund balance of \$654K, resulting in a year-end fund balance of \$564K. The decrease in fund balance is primarily the result of a slight increase in expenditures and a slight decrease in revenues from the prior year.

The nonmajor governmental funds remained consistent with the prior year.

### General Fund Budgetary Highlights

At the first City Council Committee meeting in May, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing on May 1. The operating budget includes proposed expenditures and the means to finance them. The City had no budget amendments for fiscal year ended April 30, 2024. The following is a table that reflects the original budget and the actual activity for the revenues and expenditures for the General Fund.

	Original and Final Budget 2024	Actual 2024	Original and Final Budget 2023	Actual 2023
<b>Revenues and other financing sources:</b>				
Taxes and intergovernmental	\$ 7.6	\$ 9.2	\$ 7.2	\$ 10.0
Licenses, permits and fees	1.0	0.9	1.1	1.1
Intragovernmental	0.3	0.3	0.3	0.3
Fines and forfeitures	0.8	0.9	0.8	0.8
Other	-	0.4	-	0.2
Other financing sources	-	0.7	0.1	1.0
Total revenues and other financing sources	9.7	12.4	9.5	13.4
<b>Expenditures and other financing uses:</b>				
General government	1.9	2.3	1.9	2.4
Parks and recreation	0.5	0.6	0.6	0.6
Public safety	6.3	7.0	6.1	6.4
Public works	0.8	1.0	0.7	0.9
Debt service	-	0.5	-	0.7
Capital outlay	0.2	0.8	0.2	0.3
Other financing uses	-	-	-	-
Total expenditures and other financing uses	9.7	12.2	9.5	11.3
Change in fund balance	\$ -	\$ 0.2	\$ -	\$ 2.1

# CITY OF PALOS HILLS, ILLINOIS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2024

As shown above the General Fund planned a balanced budget, and actual results were over at \$0.2 million. There are several factors to note regarding the budget to actual comparison. The City does not budget debt service expenditures, which amounted to \$0.5 million in actual expenditures. Excess revenues above the budgeted amounts were offset by transfers out to other funds. Taxes and intergovernmental revenues were 21% higher than the budgeted amount attributable to increases in State Income Tax and Sales Tax.

### Capital Assets

At the end of the fiscal year 2024, the City had a combined total of capital assets of \$25.8 million (after accumulated depreciation of \$26.3 million) invested in a broad range of capital assets including land, land improvements, buildings, vehicles, machinery and equipment, furniture and fixtures, streets, bridges, water mains, storm sewers and sanitary sewer lines. (See Table 4 below.)

The Net Capital Assets of the City increased by \$0.8 million from 2023.

For more detailed information related to capital assets see Note II. E. of the Basic Financial Statements.

	Balance	Net	Balance
	April 30, 2023	Additions/ Deletions	April 30, 2024
Land	\$ 7.6	\$ -	\$ 7.6
Land improvements	0.7	-	0.7
Buildings and building improvements	10.8	(0.3)	10.5
Water distribution and production facilities	3.7	-	3.7
Machinery and equipment	0.9	0.7	1.6
Furniture and fixtures	0.3	-	0.3
Vehicles	0.9	0.4	1.3
Infrastructure	0.1	-	0.1
Total	<u>\$ 25.0</u>	<u>\$ 0.8</u>	<u>\$ 25.8</u>

### Debt Outstanding

The City has \$5 million in debt certificates outstanding at April 30, 2024. In the current year the City paid down \$0.2 million.

The City also has \$0.9 million in installment contracts outstanding at April 30, 2024. The City continues to pay these down annually.

The City's legal debt limitation of \$44,810,272 is based on 8.625% of the 2023 equalized assessed valuation of \$519,539,384 (most recent information available). Other than debt certificates the City has no outstanding general obligation debt.

For more detailed information related to debt outstanding see Note II. F. of the Basic Financial Statements.

# **CITY OF PALOS HILLS, ILLINOIS**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

*APRIL 30, 2024*

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### **Economic Factors**

The financial condition of the City of Palos Hills is positive with fiscal 2024 revenues increasing and should continue into 2025. The 2020 U.S. Census showed Palos Hills increase its population by 1,100 people, the second highest percent increase in all of the Chicago Southland. The City will gain additional Federal and State revenue sharing monies with this increase in population.

### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Ken Nolan, Treasurer, City of Palos Hills, 10355 South Roberts Road, Palos Hills, Illinois 60465.

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF PALOS HILLS, ILLINOIS**  
**STATEMENT OF NET POSITION**

APRIL 30, 2024

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,437,555	\$ 4,480,584	\$ 11,918,139
Receivables:			
Property taxes	1,255,384	-	1,255,384
Accounts	-	628,241	628,241
Leases	497,317	-	497,317
Other	398,075	-	398,075
Due from other governmental units	1,024,272	-	1,024,272
Internal balances	18,935	(18,935)	-
Prepaid items	-	41,706	41,706
Capital assets not being depreciated/amortized	5,404,581	2,215,779	7,620,360
Capital assets net of accumulated depreciation/amortization	13,085,807	5,043,666	18,129,473
<b>Total Assets</b>	<b>29,121,926</b>	<b>12,391,041</b>	<b>41,512,967</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	11,308,124	835,781	12,143,905
Deferred outflows of resources related to other postemployment benefits	674,720	590,774	1,265,494
<b>Total Deferred Outflows of Resources</b>	<b>11,982,844</b>	<b>1,426,555</b>	<b>13,409,399</b>
<b>LIABILITIES</b>			
Accounts payable	495,815	366,832	862,647
Accrued payroll	431,657	118,187	549,844
Accrued interest	83,679	-	83,679
Deposits payable	55,235	-	55,235
Noncurrent liabilities:			
Due within one year	511,725	123,675	635,400
Due in more than one year	36,167,385	1,674,695	37,842,080
<b>Total Liabilities</b>	<b>37,745,496</b>	<b>2,283,389</b>	<b>40,028,885</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes levied for future period	1,218,092	-	1,218,092
Lease related	479,555	-	479,555
Deferred inflows of resources related to pensions	11,213,071	115,572	11,328,643
Deferred inflows of resources related to other postemployment benefits	333,918	349,643	683,561
<b>Total Deferred Inflows of Resources</b>	<b>13,244,636</b>	<b>465,215</b>	<b>13,709,851</b>
<b>NET POSITION</b>			
Net investment in capital assets	12,841,299	6,622,090	19,463,389
Restricted for:			
Street maintenance	564,107	-	564,107
Police protection	178,431	-	178,431
Other restricted items	6,551	-	6,551
Unrestricted (deficit)	(23,475,750)	4,446,902	(19,028,848)
<b>Total Net Position</b>	<b>\$ (9,885,362)</b>	<b>\$ 11,068,992</b>	<b>\$ 1,183,630</b>

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF PALOS HILLS, ILLINOIS**  
**STATEMENT OF ACTIVITIES**

YEAR ENDED APRIL 30, 2024

	Program Revenues				Changes in Net Position (Deficit)		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental activities:							
General government	\$ 2,694,809	\$ 1,010,493	\$ 105,714	\$ -	\$ (1,578,602)	\$ -	\$ (1,578,602)
Parks	1,427,800	314,099	-	-	(1,113,701)	-	(1,113,701)
Public safety	9,919,277	909,174	42,918	-	(8,967,185)	-	(8,967,185)
Public works	2,687,148	-	-	1,358,096	(1,329,052)	-	(1,329,052)
Interest on long-term debt	204,449	-	-	-	(204,449)	-	(204,449)
Total Governmental Activities	16,933,483	2,233,766	148,632	1,358,096	(13,192,989)	-	(13,192,989)
Business-type activities:							
Waterworks and sewerage	6,660,656	6,996,674	-	-	-	336,018	336,018
Golf course	353,290	442,564	-	-	-	89,274	89,274
Total Business-type Activities	7,013,946	7,439,238	-	-	-	425,292	425,292
Total Functions/Programs	\$ 23,947,429	\$ 9,673,004	\$ 148,632	\$ 1,358,096	(13,192,989)	425,292	(12,767,697)
General revenues and transfers:							
General revenues:							
Taxes:							
Property					2,543,951	-	2,543,951
Utility					1,005,480	-	1,005,480
Intergovernmental - unrestricted:							
State income					3,399,907	-	3,399,907
State sales					1,331,355	-	1,331,355
Local use					710,309	-	710,309
Personal property replacement					47,538	-	47,538
Interest income					188,717	166,984	355,701
Miscellaneous income					1,406,970	-	1,406,970
Transfers					150,000	(150,000)	-
Total General Revenues and Transfers					10,784,227	16,984	10,801,211
Change in net position (deficit)					(2,408,762)	442,276	(1,966,486)
Net position (deficit) at beginning of year					(7,476,600)	10,626,716	3,150,116
Net position (deficit) at end of year					\$ (9,885,362)	\$ 11,068,992	\$ 1,183,630

The accompanying notes to the financial statements are an integral part of these statements.

## **FUND FINANCIAL STATEMENTS**

**CITY OF PALOS HILLS, ILLINOIS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**

APRIL 30, 2024

	General	Capital Projects	Motor Fuel Tax	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,050,732	\$ 1,564,110	\$ 509,099	\$ 313,614	\$ 7,437,555
Property taxes receivable	1,255,384	-	-	-	1,255,384
Leases receivable	497,317	-	-	-	497,317
Other receivables	241,344	102,744	-	-	344,088
Due from other funds	34,799	8,105	3,299	-	46,203
Due from other governmental units	945,208	-	79,064	-	1,024,272
<b>Total Assets</b>	<b>\$ 8,024,784</b>	<b>\$ 1,674,959</b>	<b>\$ 591,462</b>	<b>\$ 313,614</b>	<b>\$ 10,604,819</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 252,486	\$ 215,974	\$ 27,355	\$ -	\$ 495,815
Accrued payroll	431,657	-	-	-	431,657
Deposits payable	55,235	-	-	-	55,235
Due to other funds	27,208	60	-	-	27,268
<b>Total Liabilities</b>	<b>766,586</b>	<b>216,034</b>	<b>27,355</b>	<b>-</b>	<b>1,009,975</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes levied for future period	1,218,092	-	-	-	1,218,092
Lease related	479,555	-	-	-	479,555
<b>Total Deferred Inflows of Resources</b>	<b>1,697,647</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,697,647</b>
<b>FUND BALANCES</b>					
Nonspendable	17,762	-	-	-	17,762
Restricted	6,551	-	564,107	178,431	749,089
Committed	-	1,458,925	-	-	1,458,925
Assigned	-	-	-	135,183	135,183
Unassigned	5,536,238	-	-	-	5,536,238
<b>Total Fund Balances</b>	<b>5,560,551</b>	<b>1,458,925</b>	<b>564,107</b>	<b>313,614</b>	<b>7,897,197</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 8,024,784</b>	<b>\$ 1,674,959</b>	<b>\$ 591,462</b>	<b>\$ 313,614</b>	<b>\$ 10,604,819</b>

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF PALOS HILLS, ILLINOIS**  
**RECONCILIATION OF FUND BALANCES - TOTAL GOVERNMENTAL FUNDS**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**

APRIL 30, 2024

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Fund balances - total governmental funds		\$ 7,897,197
Amounts reported for governmental activities in the statement of net position are different because:		
Other receivables were recognized for governmental activities but are not receivable in the current period and therefore are not reported as an asset in the governmental funds		
		53,987.00
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
		18,490,388
Long-term liabilities, including bonds and debt certificates payable, are not due and payable in the current year and, therefore, are not reported as liabilities in the funds. Also, governmental funds report the effect of premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Long-term liabilities and related accounts at year-end consist of the following:		
Debt certificates	\$ (4,955,000)	
Installment contracts payable	(332,317)	
Leases	(28,179)	
Unamortized issuance premium	(337,675)	
Unamortized issuance discount	4,082	
Compensated absences payable	(564,256)	
Net pension liabilities	(29,567,216)	
Total other postemployment benefits liability	<u>(898,549)</u>	
Total		(36,679,110)
Accrued interest payable was recognized for governmental activities but is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.		
		(83,679)
Deferred outflows and inflows of resources related to pensions are applicable to future periods, and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 11,308,124	
Deferred inflows of resources related to pensions	<u>(11,213,071)</u>	
Total		95,053
Deferred outflows and inflows of resources related to other postemployment benefits (OPEB) are applicable to future periods, and, therefore, are not reported in the funds.		
Deferred outflows of resources related to OPEB	\$ 674,720	
Deferred inflows of resources related to OPEB	<u>(333,918)</u>	
Total		340,802
Net Position of Governmental Activities		<u><u>\$ (9,885,362)</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF PALOS HILLS, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND**  
**BALANCES - GOVERNMENTAL FUNDS**

*YEAR ENDED APRIL 30, 2024*

	General	Capital Projects	Motor Fuel Tax	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 2,543,951	\$ -	\$ -	\$ -	\$ 2,543,951
Utility taxes	1,005,480	-	-	-	1,005,480
Licenses, permits and fees	934,855	1,249,505	-	-	2,184,360
Intergovernmental	5,594,823	335,734	1,022,362	42,918	6,995,837
Intragovernmental	300,000	-	-	-	300,000
Fines and forfeitures	876,543	-	-	-	876,543
Rental income	9,886	-	-	-	9,886
Interest income	150,438	35,042	2,717	520	188,717
Miscellaneous income	224,657	-	-	26,200	250,857
Total Revenues	11,640,633	1,620,281	1,025,079	69,638	14,355,631
Expenditures:					
Current:					
General government	2,307,657	-	-	-	2,307,657
Parks	580,597	-	-	-	580,597
Public safety	6,954,628	-	-	-	6,954,628
Public works	951,346	-	1,679,284	-	2,630,630
Capital outlay:					
General government	237,815	-	-	-	237,815
Parks	-	1,107,490	-	-	1,107,490
Public safety	595,223	-	-	130,023	725,246
Public works	7,379	-	-	-	7,379
Debt service:					
Principal retirement	307,274	-	-	61,384	368,658
Interest and fees	205,430	-	-	18,342	223,772
Total Expenditures	12,147,349	1,107,490	1,679,284	209,749	15,143,872
Excess (deficiency) of revenues over expenditures	(506,716)	512,791	(654,205)	(140,111)	(788,241)
Other financing sources (uses):					
Leases	13,775	-	-	-	13,775
Proceeds from sale of capital assets	5,840	11,850	-	1,400	19,090
Transfers in	644,803	-	-	-	644,803
Transfers out	-	(297,800)	-	(197,003)	(494,803)
Total Other Financing Sources (uses)	664,418	(285,950)	-	(195,603)	182,865
Net change in fund balances	157,702	226,841	(654,205)	(335,714)	(605,376)
Fund balances at beginning of year	5,402,849	1,232,084	1,218,312	649,328	8,502,573
Fund balances at end of year	\$ 5,560,551	\$ 1,458,925	\$ 564,107	\$ 313,614	\$ 7,897,197

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF PALOS HILLS, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN**  
**FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**

*YEAR ENDED APRIL 30, 2024*

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Net change in fund balances - total governmental funds	\$ (605,376)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capitalized expenditures (\$983,959) exceeded depreciation (\$663,354) in the current period.

320,605

Loss on disposal of capital assets is not recognized in the governmental funds.

(72,302)

The issuance of long-term debt (e.g., bonds, installment contracts) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt uses current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is summarized as follows:

Principal repayment of debt certificates	\$ 240,000
Lease issued	(13,775)
Principal repayment of leases	7,598
Principal repayment of installment contracts	121,060
Amortization of issuance premium	23,087
Amortization of issuance discount	(907)
	<hr/>
Total	377,063

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest expense changed from the prior year.

(2,857)

Certain other receivables do not provide a source of current financial resources. Therefore, the change in the receivable amount is not reported in the governmental funds.

(19,975)

Compensated absences do not require the use of current financial resources. Therefore, the change in this liability is not reported in the governmental funds.

(17,589)

Governmental funds report City pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded City pension contributions in the current period.

(2,480,636)

Other postemployment benefits do not require the use of current financial resources. Therefore, the changes in this liability and the related deferred outflows and inflows of resources are not reported in the governmental funds.

92,305

Change in Net Position of Governmental Activities

\$ (2,408,762)

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF PALOS HILLS, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN**  
**FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**

*YEAR ENDED APRIL 30, 2024*

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues:			
Property taxes	\$ 2,340,000	\$ 2,543,951	\$ 203,951
Utility taxes	1,046,000	1,005,480	(40,520)
Licenses, permits and fees	950,800	934,855	(15,945)
Intergovernmental	4,306,119	5,594,823	1,288,704
Intragovernmental	300,000	300,000	-
Fines and forfeitures	802,500	876,543	74,043
Rental income	-	9,886	9,886
Interest income	15,000	150,438	135,438
Miscellaneous income	33,500	224,657	191,157
Total Revenues	<u>9,793,919</u>	<u>11,640,633</u>	<u>1,846,714</u>
Expenditures:			
Current:			
General government	1,926,000	2,307,657	(381,657)
Parks	522,149	580,597	(58,448)
Public safety	6,344,915	6,954,628	(609,713)
Public works	803,551	951,346	(147,795)
Debt service:			
Principal retirement	15,334	307,274	(291,940)
Interest and fees	-	205,430	(205,430)
Capital outlay:			
General government	138,000	237,815	(99,815)
Public safety	77,170	595,223	(518,053)
Public works	6,800	7,379	(579)
Total Expenditures	<u>9,833,919</u>	<u>12,147,349</u>	<u>(2,313,430)</u>
Deficiency of revenues over expenditures	<u>(40,000)</u>	<u>(506,716)</u>	<u>(466,716)</u>
Other financing sources:			
Leases	-	13,775	13,775
Proceeds from sale of capital assets	40,000	5,840	(34,160)
Transfers in	-	644,803	644,803
Total Other Financing Sources	<u>40,000</u>	<u>664,418</u>	<u>624,418</u>
Net change in fund balances	-	157,702	157,702
Fund balances at beginning of year	<u>5,402,849</u>	<u>5,402,849</u>	<u>-</u>
Fund balances at end of year	<u>\$ 5,402,849</u>	<u>\$ 5,560,551</u>	<u>\$ 157,702</u>

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF PALOS HILLS, ILLINOIS**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**

APRIL 30, 2024

	Business-type Activities		
	Waterworks and Sewerage	Golf Course	Total Enterprise Funds
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 4,439,043	\$ 41,541	\$ 4,480,584
Receivables:			
Accounts billed	54,845	-	54,845
Accounts unbilled	573,396	-	573,396
Due from other funds	1,820	15,045	16,865
Prepaid items	41,706	-	41,706
Total Current Assets	5,110,810	56,586	5,167,396
Noncurrent Assets:			
Capital assets not being depreciated/amortized	-	2,215,779	2,215,779
Capital assets being depreciated/amortized, net	4,836,747	206,919	5,043,666
Total Noncurrent Assets	4,836,747	2,422,698	7,259,445
<b>Total Assets</b>	9,947,557	2,479,284	12,426,841
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	801,248	34,533	835,781
Deferred outflows of resources related to other postemployment benefits	572,107	18,667	590,774
<b>Total Deferred Outflows of Resources</b>	1,373,355	53,200	1,426,555

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF PALOS HILLS, ILLINOIS**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS (CONTINUED)**

APRIL 30, 2024

	<b>Business-type Activities</b>		
	<b>Waterworks and Sewerage</b>	<b>Golf Course</b>	<b>Total Enterprise Funds</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 336,792	\$ 30,040	\$ 366,832
Accrued payroll and compensated absences	108,797	9,390	118,187
Due to other funds	34,799	1,001	35,800
Current portion of leases	2,120	7,628	9,748
Current portion of installment contracts	96,827	17,100	113,927
Total Current Liabilities	579,335	65,159	644,494
Noncurrent Liabilities:			
Leases, less current portion	6,338	4,672	11,010
Installment contracts, less current portion	445,633	57,037	502,670
Net pension liability	326,125	14,056	340,181
Total other postemployment benefits liability	805,703	15,131	820,834
Total Noncurrent Liabilities	1,583,799	90,896	1,674,695
<b>Total Liabilities</b>	<b>2,163,134</b>	<b>156,055</b>	<b>2,319,189</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	108,294	7,278	115,572
Deferred inflows of resources related to other postemployment benefits	344,020	5,623	349,643
<b>Total Deferred Inflows of Resources</b>	<b>452,314</b>	<b>12,901</b>	<b>465,215</b>
<b>NET POSITION</b>			
Net investment in capital assets	4,285,829	2,336,261	6,622,090
Unrestricted	4,419,635	27,267	4,446,902
<b>Total Net Position</b>	<b>\$ 8,705,464</b>	<b>\$ 2,363,528</b>	<b>\$ 11,068,992</b>

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF PALOS HILLS, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGE**  
**IN NET POSITION - PROPRIETARY FUNDS**

*YEAR ENDED APRIL 30, 2024*

	<b>Business-type Activities</b>		
	<b>Waterworks and Sewerage</b>	<b>Golf Course</b>	<b>Total Enterprise Funds</b>
Operating revenues:			
Charges for services	\$ 6,958,503	\$ 370,111	\$ 7,328,614
Permits and fees	13,370	-	13,370
Retail and concession sales	-	65,535	65,535
Miscellaneous income	24,801	6,918	31,719
Total Operating Revenues	6,996,674	442,564	7,439,238
Operating expenses:			
Personnel	1,915,174	157,352	2,072,526
Employee benefits	562,002	12,987	574,989
Water purchases	2,505,192	-	2,505,192
Electrical energy	56,232	-	56,232
Systems maintenance	365,303	-	365,303
Cost of sales	-	23,545	23,545
Contractual services	466,549	33,451	500,000
Commodities and supplies	-	43,801	43,801
Intragovernmental	300,000	-	300,000
Rental, repairs, and maintenance	71,109	894	72,003
Miscellaneous	177,245	25,883	203,128
Depreciation / amortization	211,338	49,543	260,881
Non-capitalized capital outlay	28,157	-	28,157
Total operating expenses	6,658,301	347,456	7,005,757
Operating income	338,373	95,108	433,481
Nonoperating revenue (expense):			
Interest income	166,937	47	166,984
Interest expense	(2,355)	(5,834)	(8,189)
Total Nonoperating Revenue (Expense)	164,582	(5,787)	158,795
Income before transfers	502,955	89,321	592,276
Transfers out	(150,000)	-	(150,000)
Change in net position	352,955	89,321	442,276
Net position at beginning of year	8,352,509	2,274,207	10,626,716
Net position at end of year	\$ 8,705,464	\$ 2,363,528	\$ 11,068,992

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF PALOS HILLS, ILLINOIS**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**

*YEAR ENDED APRIL 30, 2024*

	<b>Business-type Activities</b>		
	<b>Waterworks and Sewerage</b>	<b>Golf Course</b>	<b>Total Enterprise Funds</b>
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$ 6,990,947	\$ 442,564	\$ 7,433,511
Payments to suppliers	(3,939,123)	(123,082)	(4,062,205)
Payments for personnel	(2,719,463)	(184,433)	(2,903,896)
Net cash flows from operating activities	332,361	135,049	467,410
<b>Cash flows from noncapital financing activities:</b>			
Collection of advances made to other funds	3,220	-	3,220
Advances made to other funds	-	(15,045)	(15,045)
Repayments of advances received from other funds	(391,472)	(27,818)	(419,290)
Transfers to other funds	(150,000)	-	(150,000)
Net cash flows from noncapital financing activities	(538,252)	(42,863)	(581,115)
<b>Cash flows from capital and related financing activities:</b>			
Capital asset additions	(67,242)	(45,475)	(112,717)
Principal payments on installment contracts	(73,789)	(16,173)	(89,962)
Principal payments on leases	(725)	(7,170)	(7,895)
Interest paid	(2,355)	(5,834)	(8,189)
Net cash flows from capital and related financing activities	(144,111)	(74,652)	(218,763)
<b>Cash flows from investing activities:</b>			
Interest income received	166,937	47	166,984
Net change in cash and cash equivalents	(183,065)	17,581	(165,484)
Cash and cash equivalents at beginning of year	4,622,108	23,960	4,646,068
Cash and cash equivalents at end of year	<u>\$ 4,439,043</u>	<u>\$ 41,541</u>	<u>\$ 4,480,584</u>
<b>Noncash capital and related financing activities:</b>			
Capital assets acquired from issuance of installment contracts	\$ 542,460	\$ -	\$ 542,460
Capital assets acquired from issuance of leases	\$ 9,183	\$ -	\$ 9,183

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF PALOS HILLS, ILLINOIS**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)**

*YEAR ENDED APRIL 30, 2024*

	<b>Business-type Activities</b>		
	<b>Waterworks and Sewerage</b>	<b>Golf Course</b>	<b>Total Enterprise Funds</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 338,373	\$ 95,108	\$ 433,481
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation / amortization	211,338	49,543	260,881
(Increase) decrease in:			
Receivables and other assets	(10,371)	-	(10,371)
Deferred outflows of resources related to pensions	(113,621)	(8,993)	(122,614)
Deferred outflows of resources related to other postemployment benefits	45,694	2,815	48,509
Increase (decrease) in:			
Accounts payable	35,308	4,492	39,800
Accrued payroll and compensated absences	21,700	(86)	21,614
Net pension liability	(115,945)	(2,363)	(118,308)
Total other postemployment benefits liability	(10,734)	(588)	(11,322)
Deferred inflows of resources related to pensions	(187,915)	(6,161)	(194,076)
Deferred inflows of resources related to other postemployment benefits	118,534	1,282	119,816
Net cash flows from operating activities	<u>\$ 332,361</u>	<u>\$ 135,049</u>	<u>\$ 467,410</u>

The accompanying notes to the financial statements are an integral part of these statements.

**CITY OF PALOS HILLS, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET POSITION - PENSION TRUST FUND**

*APRIL 30, 2024*

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<b>ASSETS</b>	
Cash and cash equivalents	\$ 884,509
Receivables:	
Other	21,247
Prepaid items	4,301
Investments:	
Pooled investments	<u>25,165,924</u>
Total Assets	26,075,981
<b>LIABILITIES</b>	
Accounts payable	<u>126,408</u>
<b>NET POSITION</b>	
Net position restricted for pensions	<u><u>\$ 25,949,573</u></u>

**CITY OF PALOS HILLS, ILLINOIS****STATEMENT OF CHANGE IN FIDUCIARY NET POSITION - PENSION TRUST FUND***YEAR ENDED APRIL 30, 2024*

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**Additions:****Contributions:**

Employer	\$ 1,910,144
Employees	<u>289,065</u>
Total Contributions	<u>2,199,209</u>

Investment income	2,167,123
Less investment expense	<u>(13,079)</u>
Net investment income	<u>2,154,044</u>
Total Additions	<u>4,353,253</u>

**Deductions:**

Benefit payments and refunds of member contributions	2,308,408
Administrative expenses	<u>55,203</u>
Total Deductions	<u>2,363,611</u>

Change in net position	1,989,642
Net position at beginning of year	<u>23,959,931</u>
Net position at end of year	<u>\$ 25,949,573</u>

The accompanying notes to the financial statements are an integral part of these statements.

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

# CITY OF PALOS HILLS, ILLINOIS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

APRIL 30, 2024

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### Note 1—Summary of significant accounting policies

#### Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. All fiduciary activities are reported only in the fund financial statements.

The City has one fiduciary-type component unit, the Police Pension Fund. Although it is legally separate from the City, the Police Pension Fund is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City's sworn police officers. The Police Pension Fund is reported as a pension trust fund.

#### Reporting Entity

The City of Palos Hills, Illinois (City) is located in Cook County, Illinois, and was first incorporated in 1958 under the provisions of the constitutional and general statutes of the state of Illinois. The City operates under an Aldermanic-Mayor form of government. The financial statements of the City include all operations of the City. The City provides a wide range of general municipal services, including police protection, garbage collection and disposal, parks and recreation, community planning and zoning, building inspection and safety, street building and maintenance, traffic control, animal control, street lighting, and general administrative services. In addition, water and sewer services and activities of a golf course are provided under an enterprise fund concept, with user charges set by the members of the City Council to ensure adequate coverage of operating expenses and payments on outstanding debt.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable.

*Fiduciary Component Unit.* The City's sworn police employees participate in the Police Pension Fund. Although it is legally separate from the City, the Police Pension Fund is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City's sworn police officers. The City is obligated to fund all Police Pension Fund costs not funded by the Police Pension Fund participants based upon actuarial valuations, which creates a financial burden on the City. The state of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contributions levels, which results in the Police Pension Fund being fiscally dependent upon the City. The Police Pension Fund is reported as a pension trust fund and a stand-alone report is not issued.

#### Basis of Presentation - Government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds, while business-type activities incorporate data from the City's enterprise funds. 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.

As general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's general government and waterworks and sewerage functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

# **CITY OF PALOS HILLS, ILLINOIS**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

*APRIL 30, 2024*

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### **Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the City and accounted for in the General Fund include general services, parks and recreation, public safety, and public works.

The Capital Projects Fund accounts for financial resources earmarked or segregated for the acquisition and/or construction of capital assets, except those financed and accounted for in other funds.

The Motor Fuel Tax Fund, a special revenue fund, accounts for motor fuel tax allotments that are used for highways and streets throughout the City.

The City reports the following nonmajor governmental funds:

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specific purposes other than debt service or capital projects. The City's nonmajor special revenue fund is the DEA / Customs Revenue Fund.

Capital projects funds account for financial resources earmarked or segregated for the acquisition and/or construction of capital assets, except those financed and accounted for in other funds. The City's nonmajor capital projects fund is the Park Development Fund.

The City reports the following major enterprise funds:

The Waterworks and Sewerage Fund accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

The Golf Course Fund accounts for the provision of golf course services to customers. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing, and related debt service.

Additionally, the City reports the following fiduciary fund type:

The pension trust fund accounts for the activities of the Police Pension Fund, which accumulates resources for pension benefit payments to qualified public safety employees.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

# CITY OF PALOS HILLS, ILLINOIS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

APRIL 30, 2024

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Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

### Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Additionally, property taxes are recognized as revenues in accordance with the City's appropriation ordinance. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments, and pension and other postemployment benefits are recognized later based on specific accounting rules to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt, acquisitions under installment contracts, and financing through leases are reported as other financing sources.

Property taxes, utility taxes, intergovernmental revenues, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary and pension trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

CITY OF PALOS HILLS, ILLINOIS  
NOTES TO THE BASIC FINANCIAL STATEMENTS

APRIL 30, 2024

Budgetary Information

- *Budgetary Basis of Accounting* – The annual appropriations ordinance (budget) is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and enterprise funds. The budget appropriations lapse at the end of each fiscal year. The City does not utilize an encumbrance system. The City follows these procedures in establishing the budgetary data reflected in the financial statements:
- At the first City Council meeting in March, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing on May 1. The operating budget includes proposed expenditures and the means of financing them.
- Public budget hearings are conducted to obtain taxpayer comments.
- The budget is legally enacted through passage of an ordinance. The budget for the period May 1, 2023 to April 30, 2024 was enacted April 20, 2023.
- For the year ended April 30, 2024, a legal budget was adopted for the General Fund, the Waterworks and Sewerage Fund, and the Golf Course Fund on a basis consistent with accounting principles generally accepted in the United States of America.
- Budgets were not adopted for special revenue and capital projects funds. These funds were primarily funded by grants and allotments, and effective budgetary control was alternately achieved by project approval.
- The operating budget can be amended by the City Council as long as the amended budget remains within the legal expenditures ceiling set forth by the appropriations ordinance. Transfers between line items and departments may be made by doing the action. During fiscal year 2024, no supplementary budgetary appropriations were necessary. The legal control is at the fund level.

Excess of Expenditures/Expenses over Appropriations

For the year ended April 30, 2024, expenditures exceeded the appropriation in the General Fund as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund	\$ 9,833,919	\$ 12,147,349	\$ (2,313,430)

The over expenditure in the General Fund was funded by greater than anticipated revenues and interfund transfers.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

*Cash and Cash Equivalents* – The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

*Investments* – Investments of the City 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 are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year-end.

CITY OF PALOS HILLS, ILLINOIS  
NOTES TO THE BASIC FINANCIAL STATEMENTS

APRIL 30, 2024

The City invests in The Illinois Funds, an investment pool managed by the Illinois State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. The state of Illinois provides regulatory oversight of the Illinois Funds. Illinois Funds is not registered with the Securities and Exchange Commission as an investment company. The Illinois Funds operates as a qualified external investment pool 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.

*Prepaid Items* – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of a prepaid item is recorded as an expense/expenditure when consumed rather than when purchased.

*Capital Assets* – Capital assets are tangible and intangible assets, which include land, land improvements, buildings, machinery and equipment, vehicles, furniture and fixtures, storm sewers, sanitary sewers, water distribution system, infrastructure assets (e.g., streets, bridges, sidewalks, and similar items), and right-to-use assets that are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$1,000 (amount not rounded) 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 (except for intangible right-to-use assets, the measurement of which is discussed below). The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land is not depreciated. The other tangible and intangible capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Years
Buildings	39 - 50
Furniture and fixtures	3 - 20
Infrastructure	25 - 40
Land improvements	20
Machinery and equipment	3 - 20
Vehicles	4 - 8
Water distribution, storm and sanitary system	40
Right-to-use leased equipment	Term of agreement

*Long-term Obligations* – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as gains (losses) on refundings, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Gains (losses) on refundings are reported as deferred inflows (outflows) of resources. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

# CITY OF PALOS HILLS, ILLINOIS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

APRIL 30, 2024

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In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

*Deferred Outflows/Inflows of Resources* – In addition to assets, the financial statements 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 future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category in the government-wide and proprietary fund statements of net position. They are deferred outflows of resources related to pensions (see Note 3 for further discussion of deferred outflows of resources related to pensions) and deferred outflows of resources related to other postemployment benefits (see Note 3 for further discussion of deferred outflows of resources related to other postemployment benefits).

In addition to liabilities, the financial statements 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 future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has four types of items that qualify for reporting in this category. One item, *deferred revenue*, is reported in the government-wide statement of net position and governmental funds balance sheet. The City reports deferred revenue from property taxes that are levied for a future period. Another item, *deferred inflows of resources - lease related*, is reported in the government-wide statement of net position and governmental funds balance sheet. Lease-related amounts are recognized at the inception of leases in which the City is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease. The other items, reported in the government-wide and proprietary fund statements of net position, are *deferred inflows of resources related to pensions*, (see Note 3 for further discussion of deferred inflows of resources related to pensions) and *deferred inflows of resources related to other postemployment benefits* (see Note 3 for further discussion of deferred inflows of resources related to other postemployment benefits).

### Leases

*Lessee* – The City is a lessee for noncancelable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary fund statements of net position. The City recognizes lease liabilities with an initial, individual value of \$1,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

# CITY OF PALOS HILLS, ILLINOIS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

APRIL 30, 2024

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The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and, if applicable, purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with noncurrent liabilities on the statement of net position.

**Lessor** – The City is a lessor for noncancelable ground leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide statement of net position and governmental funds balance sheet.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

The City uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**Net Position Flow Assumption** – Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Fund Balance Flow Assumptions** – Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balance Policies** – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

# CITY OF PALOS HILLS, ILLINOIS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

APRIL 30, 2024

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The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may by resolution authorize an individual or body to assign fund balance. The City has not adopted such a resolution. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

### **Revenues and Expenses/Expenditures**

*Program Revenues* – Amounts reported as 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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

*Property Taxes* – Property taxes attach as an enforceable lien on January 1 on property values assessed on the same date. Taxes are levied in December by passage of a tax levy ordinance. The tax levy is divided into two billings: the first billing is mailed on or about February 1 of the following year and the second billing is mailed on or about July 1 of the following year. The billings are considered past due 30 days after the respective tax billing date at which time the applicable property is subject to lien and penalties and interest are assessed. The City receives significant property tax distributions in the month following the due dates.

*Compensated Absences* – It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. The liability for unused vacation benefits is reported as incurred in the government-wide and proprietary fund financial statements. A liability for unused vacation benefits is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, an expense/expenditure is reported and a liability is recognized for the portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" at retirement. The implementation of GASB Statement No. 101, *Compensated Absences*, in the year ending April 30, 2025 will affect the recognition and reporting of the City's liability for compensated absences. The General Fund is the primary governmental fund that is expected to be used to liquidate the accumulated liabilities.

*Proprietary Funds Operating and Nonoperating Revenues and Expenses* – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenue of the Waterworks and Sewerage enterprise fund is charges to customers for sales and services. The Waterworks and Sewerage Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the Waterworks and Sewerage Fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

# CITY OF PALOS HILLS, ILLINOIS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

APRIL 30, 2024

The principal operating revenue of the Golf Course Fund is charges to customers for sales and services. Operating expenses for the Golf Course Fund include golf course maintenance, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### Adoption of New Accounting Standards

Effective May 1, 2023, the City implemented the provisions of GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. Implementation of this guidance resulted in no changes in the reporting of the City's financial activities.

Effective May 1, 2023, the City implemented the provisions of GASB 96, *Subscription-Based Information Technology Arrangements*. The most significant change in the new guidance is the requirement for a government end user to recognize a subscription liability and an intangible right-of-use asset. Implementation of this guidance resulted in no changes in the reporting of the City's financial activities.

Effective May 1, 2023, the City implemented the provisions of GASB 99, *Omnibus 2022* that relate to leases, public-private partnerships, and subscription-based information technology arrangements. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Implementation of this guidance resulted in no changes in the reporting of the City's financial activities.

### Note 2—Detailed notes on all activities and funds

#### Deposits and Investments

Cash and investments as of April 30, 2024 was comprised of the following:

	Government- wide	Fiduciary	Total
Cash on hand	\$ 300	\$ -	\$ 300
Deposits with financial institutions	9,748,624	884,509	10,633,133
The Illinois Funds money market accounts	2,169,215		2,169,215
Investments	-	25,165,924	25,165,924
Total	<u>\$ 11,918,139</u>	<u>\$ 26,050,433</u>	<u>\$ 37,968,572</u>

*Deposits* – The City maintains a cash pool that is available for use by all funds. The Police Pension Fund also holds other deposits and investments separately from those of other funds.

# CITY OF PALOS HILLS, ILLINOIS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

APRIL 30, 2024

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City's deposit policy for custodial credit risk is to have all deposits either insured or collateralized with securities held by the pledging institutions. As of April 30, 2024, \$9,519,877 of the City's bank balances of \$10,538,254 was uninsured and collateralized with securities held by the pledging financial institutions.

*Investments* – As of April 30, 2024, the Police Pension Fund had the following investments:

Type of Investment	Fair Value	Average Credit Quality Ratings (1)	Weighted Average Years to Maturity (2)
Pooled investments	\$ 25,165,924	NR	N/A

(1) Ratings are provided where applicable to indicate associated *Credit Risk*. NR indicates that the investment is not rated. The ratings were from Moody's Investors Services or S&P Global Ratings.

(2) *Interest Rate Risk* is estimated using weighted average years to maturity. N/A indicates not available.

*Illinois Police Officers' Pension Investment Fund* – Effective January 1, 2020, Illinois Public Act 101-610 consolidates the assets of the State's more than 650 downstate and suburban public safety pension funds into two consolidated investment funds. The authority of the Illinois Police Officers' Pension Investment Fund ("IPOPIF") to manage Article 3 pension fund assets shall begin when there has been a physical transfer of the pension fund assets to the IPOPIF and the assets have been placed in the custody of the IPOPIF's custodian or custodians. The City transferred its assets to IPOPIF during the year ended April 30, 2023 per Article 3. Investments of the Police Pension Fund are combined in a commingled external investment pool and held by IPOPIF.

The Police Pension Fund retains all of its available cash with two financial institutions. 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 Police Pension Fund.

For additional information on IPOPIF's investments, a copy of the most recent report can be obtained from IPOPIF at 456 Fulton Street, Suite 402, Peoria, IL 61602 or at [www.ipopif.org](http://www.ipopif.org).

*Investment Policies* – The City's investments are subject to the following risks:

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 City limits the investment portfolio to specific maturities not exceeding five years. All investments carry a fixed rate of interest.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment program is derived from the terms and provisions of the Illinois Compiled Statutes Public Funds Investment Act (30 ILCS 235) which allows investment in instruments of the United States of America or its agencies, money market mutual funds with a minimum AA rating by at least two of the three largest credit rating agencies, public treasurer's investment pool and commercial paper with one of the three highest classifications by at least two of the three standard credit rating agencies. The City's investment policy will minimize credit risk by limiting investments to the safest type of securities, pre-qualifying financial institutions, broker/dealers, intermediaries, and advisors with which the City does business, and by diversifying the investment portfolio so that potential losses on individual securities will be minimized.

# CITY OF PALOS HILLS, ILLINOIS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

APRIL 30, 2024

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy does not restrict the amount of investments in any one issuer.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The U.S. Treasury notes, U.S. agency securities, municipal bonds, and corporate bonds are held by the City's agent in the City's name. The Illinois Funds Investment Pool, mutual funds, and money market funds are not subject to custodial credit risk. The City does not have an investment policy with regards to custodial credit risk.

*Police Pension Fund* – IPOPIF is authorized to invest in all investments allowed by ILCS. The IPOPIF shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 3 of the Illinois Pension Code. IPOPIF's current investment policy was adopted by the Board of Trustees on December 17, 2021.

### Fair Value Measurements

The Police Pension Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs valued using quoted matrix pricing models; Level 3 inputs are significant unobservable inputs.

There were no changes in valuation techniques in the current year. The Police Pension Fund had the following recurring fair value measurements as of April 30, 2024:

*Pooled investments* – Valued at NAV of units held, which is the price at which the investment could be sold. The NAV is used as a practical expedient, and the estimated fair value is subject to uncertainty and therefore may differ from the value that would have been used had a readily available market for this investment existed, and the difference could be material.

The following table summarizes the investments of the Police Pension Fund by fair value level as of April 30, 2024:

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Fair Value
Pooled investments*	\$ -	\$ -	\$ -	\$ 25,165,924

\* The pooled investments that were measured at NAV per share have not been classified in the fair value hierarchy. The fair value amount presented in this table is intended to permit reconciliation of the fair value hierarchy to the statement of fiduciary net position.

**CITY OF PALOS HILLS, ILLINOIS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

APRIL 30, 2024

**Leases Receivable**

The City, as a lessor, has entered into various ground lease agreements. The total amount of inflows of resources, including lease revenue and interest revenue, recognized during the year ended April 30, 2024 was \$42,331. As of April 30, 2024, the City's receivable for lease payments was \$497,317. The City also has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of April 30, 2024, the balance of the deferred inflow of resources was \$479,555.

**Interfund Receivables, Payables and Transfers**

***Due from/to Other Funds***

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Waterworks and Sewerage Fund	\$ 34,799
Golf Course Fund	General Fund	15,045
Motor Fuel Tax Fund	General Fund	3,299
Capital Projects Fund	General Fund	8,105
Waterworks and Sewerage Fund	General Fund	759
Waterworks and Sewerage Fund	Golf Course Fund	1,001
Waterworks and Sewerage Fund	Capital Projects Fund	60
Total		<u>\$ 63,068</u>

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures/expenses occur, transactions are recorded in the accounting system, and payments between funds are made. Interfund receivables and payables are expected to be repaid in the following fiscal year.

***Interfund Transfers***

<b>Transfer from</b>	<b>Transfer to</b>	<b>Amount</b>
Capital Projects Fund	General Fund	\$ 297,800
DEA / Customs Revenue Fund	General Fund	195,360
Park Development Fund	General Fund	1,643
Waterworks and Sewerage Fund	General Fund	150,000
Total		<u>\$ 644,803</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

**CITY OF PALOS HILLS, ILLINOIS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

APRIL 30, 2024

**Capital Assets**

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

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases/ Transfers</b>	<b>Ending Balance</b>
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 5,404,581	\$ -	\$ -	\$ 5,404,581
Capital assets being depreciated/amortized:				
Buildings	13,957,754	12,800	-	13,970,554
Furniture and fixtures	589,487	-	-	589,487
Infrastructure	2,236,450	-	-	2,236,450
Land improvements	1,720,417	20,008	-	1,740,425
Machinery and equipment	1,907,037	234,529	-	2,141,566
Vehicles	2,652,004	702,847	(212,125)	3,142,726
Right-to-use leased equipment	28,266	13,775	-	42,041
Total capital assets being depreciated/amortized	23,091,415	983,959	(212,125)	23,863,249
Less accumulated depreciation/amortization for:				
Buildings	(3,224,200)	(298,577)	-	(3,522,777)
Furniture and fixtures	(314,151)	(17,260)	-	(331,411)
Infrastructure	(2,130,371)	(23,321)	-	(2,153,692)
Land improvements	(1,062,232)	(38,494)	-	(1,100,726)
Machinery and equipment	(1,416,152)	(144,370)	-	(1,560,522)
Vehicles	(2,100,006)	(133,379)	139,823	(2,093,562)
Right-to-use leased equipment	(6,799)	(7,953)	-	(14,752)
Total accumulated depreciation/amortization	(10,253,911)	(663,354)	139,823	(10,777,442)
Total capital assets being depreciated/amortized, net	12,837,504	320,605	(72,302)	13,085,807
Governmental activities capital assets, net	\$ 18,242,085	\$ 320,605	\$ (72,302)	\$ 18,490,388

**CITY OF PALOS HILLS, ILLINOIS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

APRIL 30, 2024

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases/ Transfers</b>	<b>Ending Balance</b>
Business-type activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 2,215,779	\$ -	\$ -	\$ 2,215,779
Capital assets being depreciated/amortized:				
Buildings	1,011,436	-	-	1,011,436
Furniture and fixtures	53,349	3,800	-	57,149
Land improvements	5,500	-	-	5,500
Machinery and equipment	4,095,022	651,377	(40,688)	4,705,711
Vehicles	1,765,049	-	-	1,765,049
Water distribution, storm and sanitary system	13,051,585	-	-	13,051,585
Right-to-use leased equipment	26,345	9,183	-	35,528
Total capital assets being depreciated/amortized	20,008,286	664,360	(40,688)	20,631,958
Less accumulated depreciation/amortization for:				
Buildings	(931,562)	(7,706)	-	(939,268)
Furniture and fixtures	(53,349)	(760)	-	(54,109)
Land improvements	(2,355)	(367)	-	(2,722)
Machinery and equipment	(3,683,304)	(91,485)	40,688	(3,734,101)
Vehicles	(1,431,877)	(80,038)	-	(1,511,915)
Water distribution, storm and sanitary system	(9,258,300)	(72,582)	-	(9,330,882)
Right-to-use leased equipment	(7,352)	(7,943)	-	(15,295)
Total accumulated depreciation/amortization	(15,368,099)	(260,881)	40,688	(15,588,292)
Total capital assets being depreciated/amortized, net	4,640,187	403,479	-	5,043,666
Business-type activities capital assets, net	\$ 6,855,966	\$ 403,479	\$ -	\$ 7,259,445

Depreciation/amortization expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 265,342
Parks	66,335
Public safety	278,609
Public works	53,068
Total governmental activities	\$ 663,354

**CITY OF PALOS HILLS, ILLINOIS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

APRIL 30, 2024

**Long-term Liabilities**

**Governmental Activities**

*Installment Contract* – Installment contract payable for the purchase of police vehicles, requiring annual payments of \$53,170, including interest at 4.99%, through January 2025. Payments are to be funded by the operations of the General Fund. Annual debt service requirements are as follows:

<b>Year Ending April 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 50,543	\$ 2,627	\$ 53,170

*Installment Contract* – Installment contract payable for the purchase of police vehicles, requiring annual payments of \$79,726, including interest at 5.50%, through March 2028. Payments are to be funded by the operations of the General Fund. Annual debt service requirements are as follows:

<b>Year Ending April 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 64,903	\$ 14,823	\$ 79,726
2026	68,573	11,153	79,726
2027	72,449	7,277	79,726
2028	75,849	4,077	79,926
Total	\$ 281,774	\$ 37,330	\$ 319,104

*Leases Payable* – The City has entered into various five-year lease agreements for the right-to-use equipment. The City is required to make annual principal and interest payments. The total lease liability at April 30, 2024 was \$28,179.

The future principal and interest lease payments as of April 30, 2024 were as follows:

<b>Year Ending April 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 10,106	\$ 1,465	\$ 11,571
2026	10,028	821	10,849
2027	5,520	317	5,837
2028	2,525	59	2,584
Total	\$ 28,179	\$ 2,662	\$ 30,841

*Debt Certificates* – Series 2019, issued to finance public works projects, requiring retirement of principal on December 15 of each year through December 15, 2038. Interest is due on June 15 and December 15 at a rate of 4.00%. Payments are to be funded by a capital improvement surcharge. Annual debt service requirements are listed on the following page:

**CITY OF PALOS HILLS, ILLINOIS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

APRIL 30, 2024

<b>Year Ending April 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 250,000	\$ 198,200	\$ 448,200
2026	255,000	188,200	443,200
2027	270,000	178,000	448,000
2028	280,000	167,200	447,200
2029	290,000	156,000	446,000
2030	300,000	144,400	444,400
2031	315,000	132,400	447,400
2032	325,000	119,800	444,800
2033	340,000	106,800	446,800
2034	350,000	93,200	443,200
2035	365,000	79,200	444,200
2036	380,000	64,600	444,600
2037	395,000	49,400	444,400
2038	410,000	33,600	443,600
2039	430,000	17,200	447,200
Total	<u>\$ 4,955,000</u>	<u>\$ 1,728,200</u>	<u>\$ 6,683,200</u>

**Business-type Activities**

*Installment Contract* – Installment contract payable for the purchase of golf carts, due in semi-annual payments including interest at 5.50%, with the final payment to be made in March 2028. Payments are to be funded by the operations of the Golf Course Fund. Annual debt service requirements are as follows:

<b>Year Ending April 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 17,100	\$ 3,900	\$ 21,000
2026	18,067	2,933	21,000
2027	19,089	1,911	21,000
2028	19,881	1,119	21,000
Total	<u>\$ 74,137</u>	<u>\$ 9,863</u>	<u>\$ 84,000</u>

*Installment Contract* – Installment contract payable for the purchase of sewer equipment, due in annual payments including interest at 5.69%, with the final payment to be made in July 2028. Payments are to be funded by the operations of the Water and Sewerage Fund. Annual debt service requirements are as follows:

<b>Year Ending April 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 96,827	\$ 30,868	\$ 127,695
2026	102,337	25,358	127,695
2027	108,160	19,535	127,695
2028	114,315	13,380	127,695
2029	120,821	6,875	127,696
Total	<u>\$ 542,460</u>	<u>\$ 96,016</u>	<u>\$ 638,476</u>

**CITY OF PALOS HILLS, ILLINOIS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

APRIL 30, 2024

*Leases Payable* – The City has entered into various five-year lease agreements for the right-to-use equipment. The City is required to make annual principal and interest payments. The total lease liability at April 30, 2024 was \$20,758.

The future principal and interest lease payments as of April 30, 2024 were as follows:

<b>Year Ending April 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 9,748	\$ 1,015	\$ 10,763
2026	6,927	428	7,355
2027	2,399	186	2,585
2028	1,684	39	1,723
Total	<u>\$ 20,758</u>	<u>\$ 1,668</u>	<u>\$ 22,426</u>

Total future debt service requirements for the outstanding debt listed above are as follows:

<b>Year Ending April 30,</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2025	\$ 375,552	\$ 217,115	\$ 123,675	\$ 35,783	\$ 752,125
2026	333,601	200,174	127,331	28,719	689,825
2027	347,969	185,594	129,648	21,632	684,843
2028	358,374	171,336	135,880	14,538	680,128
2029	290,000	156,000	120,821	6,875	573,696
2030	300,000	144,400	-	-	444,400
2031	315,000	132,400	-	-	447,400
2032	325,000	119,800	-	-	444,800
2033	340,000	106,800	-	-	446,800
2034	350,000	93,200	-	-	443,200
2035	365,000	79,200	-	-	444,200
2036	380,000	64,600	-	-	444,600
2037	395,000	49,400	-	-	444,400
2038	410,000	33,600	-	-	443,600
2039	430,000	17,200	-	-	447,200
Total	<u>\$ 5,315,496</u>	<u>\$ 1,770,819</u>	<u>\$ 637,355</u>	<u>\$ 107,547</u>	<u>\$ 7,831,217</u>

**CITY OF PALOS HILLS, ILLINOIS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

APRIL 30, 2024

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Adjustments/ Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Governmental activities:					
Debt certificates	\$ 5,195,000	\$ -	\$ (240,000)	\$ 4,955,000	\$ 250,000
Installment contracts payable	453,377	-	(121,060)	332,317	115,446
Leases payable	22,002	13,775	(7,598)	28,179	10,106
Unamortized issuance premium	360,762	-	(23,087)	337,675	-
Unamortized issuance discount	(4,989)	-	907	(4,082)	-
Compensated absences payable	546,667	153,762	(136,173)	564,256	136,173
Net pension liability:					
Police pension	34,390,802	3,816,305	(8,892,773)	29,314,334	-
Illinois Municipal Retirement Fund	587,335	530,877	(865,330)	252,882	-
Total other postemployment benefits liability	1,084,812	65,591	(251,854)	898,549	-
Total governmental activity long-term liabilities	<u>\$ 42,635,768</u>	<u>\$ 4,580,310</u>	<u>\$ (10,536,968)</u>	<u>\$ 36,679,110</u>	<u>\$ 511,725</u>
Business-type activities:					
Waterworks and Sewerage:					
Installment contracts payable	\$ 73,789	\$ 542,460	\$ (73,789)	\$ 542,460	\$ 96,827
Leases payable	-	9,183	(725)	8,458	2,120
Net pension liability:					
Illinois Municipal Retirement Fund	442,070	684,637	(800,582)	326,125	-
Total other postemployment benefits liability	816,437	58,813	(69,547)	805,703	-
Total Waterworks and Sewerage long-term liabilities	<u>1,332,296</u>	<u>1,295,093</u>	<u>(944,643)</u>	<u>1,682,746</u>	<u>98,947</u>
Golf Course:					
Installment contracts payable	90,310	-	(16,173)	74,137	17,100
Leases payable	19,470	-	(7,170)	12,300	7,628
Net pension liability:					
Illinois Municipal Retirement Fund	16,419	29,507	(31,870)	14,056	-
Total other postemployment benefits liability	15,719	1,104	(1,692)	15,131	-
Total Golf Course long-term liabilities	<u>141,918</u>	<u>30,611</u>	<u>(56,905)</u>	<u>115,624</u>	<u>24,728</u>
Total business-type activity long-term liabilities	<u>\$ 1,474,214</u>	<u>\$ 1,325,704</u>	<u>\$ (1,001,548)</u>	<u>\$ 1,798,370</u>	<u>\$ 123,675</u>

The net pension liability, total other postemployment benefits liability, compensated absences payable, and leases payable included in governmental activity long-term liabilities have typically been liquidated by the General Fund in prior years.

**CITY OF PALOS HILLS, ILLINOIS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

APRIL 30, 2024

*Legal Debt Margin* – The maximum total indebtedness the City is legally allowed to have outstanding at any one time is established by state statute. The limit is computed as follows:

Assessed valuation - 2023 tax year (most recent information available)	\$ 519,539,384
Statutory debt limit (8.625% of assessed value)	\$ 44,810,272
Less debt outstanding:	
Debt certificates (including premiums and discounts)	(5,288,593)
Installment contracts	(948,914)
Leases payable	(48,937)
Legal Debt Margin	\$ 38,523,828

**Fund Balances**

As of April 30, 2024, fund balances were comprised of the following:

	General Fund	Capital Projects Fund	Motor Fuel Tax Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Leases	\$ 17,762	\$ -	\$ -	\$ -	\$ 17,762
Restricted:					
Transportation services	\$ 6,551	\$ -	\$ -	\$ -	\$ 6,551
Street maintenance	-	-	564,107	-	564,107
Police protection	-	-	-	178,431	178,431
Total Restricted	6,551	-	564,107	178,431	749,089
Committed:					
Capital projects	-	1,458,925	-	-	1,458,925
Assigned:					
Park development	-	-	-	135,183	135,183
Unassigned	5,536,238	-	-	-	5,536,238
Total	\$ 5,560,551	\$ 1,458,925	\$ 564,107	\$ 313,614	\$ 7,897,197

**Note 3—Other information**

**Employee Retirement and Postemployment Benefit Plans**

The City maintains the Police Pension Plan which covers its qualified Police Department employees and participates in the statewide Illinois Municipal Retirement Fund which covers substantially all of the remaining qualified City employees. The City also maintains the Retiree Health Care Plan which is a defined benefit healthcare plan. The information presented in the following notes for these plans is the most current information available as of April 30, 2024.

CITY OF PALOS HILLS, ILLINOIS  
NOTES TO THE BASIC FINANCIAL STATEMENTS

APRIL 30, 2024

Police Pension Plan

*Description of Plan* – The Police Pension Plan is a single-employer defined benefit pension plan that is administered by the Police Pension Fund's Board of Trustees. The Police Pension Fund's Board of Trustees consists of six members. Two members are appointed by the president of the Board of Trustees, two members are elected by the active sworn members, and two members are elected by retired and/or disabled participants.

The defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (Chapter 40ILCS 5 / Article 3) and may be amended only by the Illinois legislature.

The City accounts for the Police Pension Plan as a pension trust fund and a stand-alone report is not issued by the Police Pension Fund.

*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 greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, 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 pension 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 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. A police officer's salary for pension purposes is capped at \$106,800. The cap is adjusted annually by the lesser of 1/2 of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 10 years of service may retire at or after age 50 and receive a reduced benefit (i.e., 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 one-half of the change in the Consumer Price Index for the preceding calendar year.

*Employees Covered by Benefit Terms* – At April 30, 2024, the Police Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	32
Inactive plan members entitled to but not receiving benefits	9
Active plan members	29
Total	70
Number of participating employers	1

*Contributions* – Employees are required by Illinois Compiled Statutes (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 City is required to contribute the remaining amounts necessary to finance the Police Pension Plan, including the costs of administering the Plan, as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. For the year ended April 30, 2024, the City's contribution was 64.53% of covered payroll.

# CITY OF PALOS HILLS, ILLINOIS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

APRIL 30, 2024

*Net Pension Liability* – The City's net pension liability was measured as of April 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of May 1, 2023 and rolled forward to the measurement date. The actuarial assumptions used were as follows:

Actuarial cost method - Entry-age normal

Inflation – 2.25%

Salary increases – 3.75% - 10.99%

Investment rate of return – 6.50%

Asset valuation method - 5-year smoothed fair value

Mortality rates were as follows:

Active Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

Retiree Mortality follows the L&A Assumption Study for Police 2020. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are then improved fully generationally using MP-2019 Improvement Rates.

Disabled Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

Retirement rates, disability rates, and termination rates were based on the L&A Assumption Study for Police 2020.

The IPOPIF's investment manager establishes the following target allocation across asset classes:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
U.S. Large	23.00%	6.10%
U.S. Small	5.00%	5.60%
International Developed	18.00%	7.30%
International Developed Small	5.00%	7.90%
Emerging Markets	7.00%	7.40%
High Yield Corporate Credit	10.00%	4.90%
Emerging Market Debt	6.00%	6.90%
U.S. TIPS	3.00%	2.80%
REITs	4.00%	6.30%
Real Estate / Infrastructure	2.00%	6.30%
Cash	1.00%	1.00%
Short-term Government	13.00%	3.00%
Core Fixed Income	3.00%	3.40%
Total	100.00%	

**CITY OF PALOS HILLS, ILLINOIS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

APRIL 30, 2024

The long-term expected rate of return on the IPOPIF's investments was determined using an asset allocation study conducted by the IPOPIF's investment management consultant in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of April 30, 2024 are listed in the table above.

*Single Discount Rate* – A Single Discount Rate of 5.31% was used to measure the total pension liability. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 6.50%, the municipal bond rate is 4.07%, and the resulting Single Discount Rate is 5.31%.

For the year ended April 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 8.88%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Changes in the Net Pension Liability* – Changes in the City's net pension liability for the year ended April 30, 2024 were as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at April 30, 2023	\$ 58,350,733	\$ 23,959,931	\$ 34,390,802
Changes for the year:			
Service cost	1,136,052	-	1,136,052
Interest on the total pension liability	2,680,253	-	2,680,253
Changes in benefit terms	844,834	-	844,834
Differences between expected and actual experience	(644,768)	-	(644,768)
Changes of assumptions	(4,799,587)	-	(4,799,587)
Contributions - employees	-	289,065	(289,065)
Contributions - employer	-	1,910,144	(1,910,144)
Net investment income	-	2,154,044	(2,154,044)
Benefit payments, including refunds of employee contributions	(2,303,610)	(2,308,408)	4,798
Administrative expense	-	(55,203)	55,203
Net changes	(3,086,826)	1,989,642	(5,076,468)
Balances at April 30, 2024	\$ 55,263,907	\$ 25,949,573	\$ 29,314,334

The change of assumptions amount of \$4,799,587 was primarily the result of a change in the Single Discount Rate.

# CITY OF PALOS HILLS, ILLINOIS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

APRIL 30, 2024

*Sensitivity of the Net Pension Liability to Changes in the Single Discount Rate* – The following presents the net pension liability of the City, calculated using a Single Discount Rate of 5.31%, as well as what the City's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

	1% Lower (4.31%)	Current Discount Rate (5.31%)	1% Higher (6.31%)
City's net pension liability	\$ 38,173,348	\$ 29,314,334	\$ 22,226,603

*Plan Fiduciary Net Position* – Detailed information about the Plan's fiduciary net position is available in other locations in this report as the Plan is reported as a fiduciary fund of the City. At April 30, 2024, the Plan's fiduciary net position as a percentage of the total pension liability was 46.96%.

*Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – For the year ended April 30, 2024, the City recognized pension expense of \$4,448,636. At April 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	\$ 2,862,788	\$ 2,407,030
Changes of assumptions	5,710,838	7,332,663
Net difference between projected and actual earnings on Plan investments	2,005,285	1,467,686
Total	\$ 10,578,911	\$ 11,207,379

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense in years ending April 30 as follows:

2025	\$ 1,041,472
2026	892,923
2027	(737,963)
2028	(905,967)
2029	(820,919)
Thereafter	(98,014)
Total	\$ (628,468)

### Illinois Municipal Retirement Fund

*Plan Description* – The City's defined benefit pension plan for employees that are not in positions covered by the Police Pension Plan provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multiple employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Annual Comprehensive Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

CITY OF PALOS HILLS, ILLINOIS  
NOTES TO THE BASIC FINANCIAL STATEMENTS

APRIL 30, 2024

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

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

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

- 3% of the original pension amount, or
- One-half of the increase in the Consumer Price Index of the original pension amount.

*Employees Covered by Benefit Terms* – As of December 31, 2023, the following employees of the City were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	66
Inactive plan members entitled to but not yet receiving benefits	71
Active plan members	68
Total	<u>205</u>

*Contributions* – As set by statute, the City's Regular Plan members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rates were 4.31% and 4.90% for calendar years 2024 and 2023, respectively. For the fiscal year ended April 30, 2024, the City contributed \$176,120 to the Plan. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

# CITY OF PALOS HILLS, ILLINOIS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

APRIL 30, 2024

Contributions for the year ended April 30, 2024 are reported in the financial statements as follows:

Governmental activities	\$	75,098
Business-type activities:		
Waterworks and Sewerage		96,848
Golf Course		4,174
Total contributions	\$	<u>176,120</u>

*Net Pension Liability* – The City's net pension liability was measured as of December 31, 2023. The total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions* – The following are the methods and assumptions used to determine the total pension liability as of December 31, 2024:

Actuarial Cost Method:	Entry age normal
Asset Valuation Method:	Fair value of assets
Inflation Rate:	Assumed to be 2.25%
Salary Increases:	Expected to be 2.85% to 13.75%, including inflation
Investment Rate of Return:	Assumed to be 7.25%
Projected Retirement Age:	Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2023 valuation pursuant to an experience study of the period 2020 to 2022
Mortality – Nondisabled Retirees:	Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021 were used.
Mortality – Disabled Retirees:	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.
Mortality – Active Members:	Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.

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

**CITY OF PALOS HILLS, ILLINOIS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

APRIL 30, 2024

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2023:

<b>Asset Class</b>	<b>Portfolio Target Percentage</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic equity	35.00%	5.00%
International equity	18.00%	6.35%
Fixed income	24.00%	4.75%
Real estate	10.00%	6.30%
Alternative investments	12.00%	6.05 - 8.65%
Cash equivalents	1.00%	3.80%
Total	100.00%	

*Single Discount Rate* – A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2023. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in the Net Pension Liability* – Changes in the net pension liability for the year ended December 31, 2023 were as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at December 31, 2022	\$ 20,204,725	\$ 19,158,901	\$ 1,045,824
Changes for the year:			
Service cost	311,231	-	311,231
Interest on the total pension liability	1,439,915	-	1,439,915
Differences between expected and actual experience	509,246	-	509,246
Changes of assumptions	(16,468)	-	(16,468)
Contributions - employees	-	180,564	(180,564)
Contributions - employer	-	185,071	(185,071)
Net investment income (loss)		2,097,154	(2,097,154)
Benefit payments, including refunds of employee contributions	(998,901)	(998,901)	-
Other changes		233,896	(233,896)
Net changes	1,245,023	1,697,784	(452,761)
Balances at December 31, 2023	\$ 21,449,748	\$ 20,856,685	\$ 593,063

**CITY OF PALOS HILLS, ILLINOIS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

APRIL 30, 2024

The net pension liability as of April 30, 2024 is reported on the financial statements as follows:

Governmental activities	\$	252,882
Business-type activities:		
Waterworks and Sewerage		326,125
Golf Course		14,056
Total net pension liability/(asset)	\$	<u>593,063</u>

*Sensitivity of the Net Pension Liability/(Asset) to Changes in the Single Discount Rate* – The following presents the net pension liability/(asset) of the City calculated using a Single Discount Rate of 7.25%, as well as what the net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

	1% Lower (6.25%)	Current Discount Rate (7.25%)	1% Higher (8.25%)
Net pension liability (asset)	<u>\$ 3,015,666</u>	<u>\$ 593,063</u>	<u>\$ (1,341,854)</u>

*Plan Fiduciary Net Position* – Detailed information about the plan's fiduciary net position is available in the separately issued IMRF *Annual Comprehensive Financial Report*.

*Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – For the year ended April 30, 2024, the City recognized pension expense/(income) of \$205,963. Pension expense/(income) for the year ended April 30, 2024 is reported in the financial statements as follows:

Governmental activities	\$	17,242
Business-type activities:		
Waterworks and Sewerage		192,190
Golf Course		(3,469)
Total pension expense	\$	<u>205,963</u>

At April 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	\$ 399,000	\$ 2,179
Changes of assumptions	-	11,171
Changes in proportionate share	107,914	107,914
Net difference between projected and actual earnings on Plan investments	1,008,987	-
Total deferred amounts to be recognized in pension expense in future periods	<u>1,515,901</u>	<u>121,264</u>
Employer contributions made subsequent to the measurement date	<u>49,093</u>	<u>-</u>
Total deferred amounts related to pensions	<u>\$ 1,564,994</u>	<u>\$ 121,264</u>
Deferred amounts related to pensions are reported in the financial statements as follows:		
Governmental activities	\$ 729,213	\$ 5,692
Business-type activities:		
Waterworks and Sewerage	801,248	108,294
Golf Course	34,533	7,278
Total	<u>\$ 1,564,994</u>	<u>\$ 121,264</u>

# CITY OF PALOS HILLS, ILLINOIS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

APRIL 30, 2024

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense in years ending April 30 as follows:

2025	\$	294,513
2026		504,737
2027		739,910
2028		(144,523)
Total	\$	<u>1,394,637</u>

Contributions subsequent to the measurement date of \$49,093 will be recognized as a reduction of the net pension liability in the year ending April 30, 2025.

### Summary of Pension Information

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (income), information about the fiduciary net position of the Police Pension Plan (PPP) and the Illinois Municipal Retirement Fund (IMRF) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension-related deferred outflows of resources, liability/(asset), deferred inflows of resources, and pension expense (income)/expenditures are summarized as follows:

	PPP	IMRF	Total
Deferred outflows of resources	\$ 10,578,911	\$ 1,564,994	\$ 12,143,905
Net pension liability	29,314,334	593,063	29,907,397
Deferred inflows of resources	11,207,379	121,264	11,328,643
Pension expense	4,448,636	205,963	4,654,599
Pension expenditures	1,910,144	176,120	2,086,264

### Retiree Health Care Plan

**Plan Description** – In addition to providing the pension benefits described above, the City provides postemployment health care benefits (OPEB) for retired employees and their dependents through a single- employer defined benefit plan (Plan) that is administered by the City. The benefit terms are established by the City and can be amended by the City through its personnel manual and union contracts. No assets are accumulated in a trust.

**Benefits Provided** – Employees and their spouses are eligible to continue health care coverage into retirement on the City's plan upon or after attaining age 50 with at least 20 years of service. Retirees must pay the full monthly premium. Coverage is provided to the retiree until attainment of age 65. A retired employee who elects retiree coverage under the eligibility provisions may also at the same time elect medical coverage for his or her spouse and other dependents. If dependent coverage is not elected at that time, it cannot be elected at a later time.

For police officer retirees electing to retire prior to May 1, 2016, the City offers to pay \$200 per month toward the employee-only medical premium. For police officer retirees who retire on May 1, 2016 or after, the City agrees to pay \$300 per month toward the employee-only medical premium. The City's obligation shall be limited to the duration of this collective bargaining agreement and shall not continue thereafter unless and to the extent a successor agreement provides for further coverage. For the duration and term of the agreement, the City shall pay the stated amount until the earlier of the time that the retiree (a) becomes covered under another group health plan, (b) attains age 65, or (c) becomes eligible for Social Security disability benefits.

CITY OF PALOS HILLS, ILLINOIS  
NOTES TO THE BASIC FINANCIAL STATEMENTS

APRIL 30, 2024

The City cannot be responsible for future increases in the cost of retiree or dependent medical coverage, and reserves the right to make changes in benefits or other terms or conditions of such medical coverage including, without limitation, the insurer, the use or absence of any HMO, PPO or other managed care delivery method, provided such changes are made for active bargaining unit members, and reserves the right to terminate coverage for retirees and their dependents upon enactment of legislative changes.

Police officers that suffer a catastrophic injury or are killed in the line of duty may receive 100% City-paid lifetime coverage for the employee, their spouse, and each dependent child under the Public Safety Employee Benefits Act.

*Employees Covered by Benefit Terms* – As of April 30, 2024, the following employees of the City were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	-
Active employees	62
Total	66

*Total OPEB Liability* – The City’s total OPEB liability was measured as of April 30, 2024 and was determined by an actuarial valuation as of May 1, 2023 and rolled forward to the measurement date.

*Actuarial Assumption and Other Inputs* – The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

- The Actuarial Cost Method used was Entry Age Normal (Alternative Measurement Method).
- Salary increases were expected to be 4%, including inflation.
- The discount rate of 4.42% was based on the S&P Municipal Bond 20 Year High-Grade Rate Index as of April 30, 2024.
- Healthcare cost trend rate was expected to be between 1.83% initially to an ultimate rate of 4.50% in fiscal year 2038.
- Mortality rates were based on the PubG.H-2010 Mortality Table-General with Mortality Improvement using Scale MP-2020 for IMRF Personnel. PubS.H-2010 Mortality Table-Safety with Mortality Improvement using Scale MP-2020 for Police Personnel.
- The retirees' share of benefit-related costs was 100% of the projected health insurance premiums.

**CITY OF PALOS HILLS, ILLINOIS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

APRIL 30, 2024

*Changes in the Total OPEB Liability* – Changes in the City's total OPEB liability for the year ended April 30, 2024 were as follows:

	<b>Total OPEB Liability</b>
Balance at April 30, 2023	\$ 1,916,968
Changes for the year:	
Service cost	\$ 41,473
Interest expense	76,448
Changes of benefit terms	7,587
Difference between expected and actual experience	(144,805)
Changes in assumptions or other inputs	(37,513)
Benefit payments	(140,775)
Net changes	(197,585)
Balance at April 30, 2024	\$ 1,719,383

The total OPEB liability as of April 30, 2024 is reported in the financial statements as follows:

Governmental activities	\$ 898,549
Business-type activities:	
Waterworks and Sewerage	805,703
Golf Course	15,131
Total OPEB liability	\$ 1,719,383

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	<b>1% Lower (3.42%)</b>	<b>Current Discount Rate (4.42%)</b>	<b>1% Higher (5.42%)</b>
Total OPEB liability	\$ 1,876,304	\$ 1,719,383	\$ 1,579,818

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates* – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	<b>1% Lower (Varies)</b>	<b>Current Healthcare Cost Trend Rates (Varies)</b>	<b>1% Higher (Varies)</b>
Total OPEB liability	\$ 1,564,680	\$ 1,719,383	\$ 1,898,632

**CITY OF PALOS HILLS, ILLINOIS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

APRIL 30, 2024

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB* – For the year ended April 30, 2024, the City recognized OPEB expense/(income) of \$(457,999). OPEB expense/(income) for the year ended April 30, 2024 is reported in the financial statements as follows:

Governmental activities	\$ (92,305)
Business-type activities	(365,694)
Total OPEB expense/(income)	<u>\$ (457,999)</u>

At April 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

<b>Deferred Amounts Related to OPEB</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,068,616	\$ 177,078
Changes in assumptions and other inputs	152,271	461,876
Change in proportionate share	44,607	44,607
Total	<u>\$ 1,265,494</u>	<u>\$ 683,561</u>

Deferred amounts related to OPEB are reported in the financial statements as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Governmental activities	\$ 674,720	\$ 333,918
Business-type activities:		
Waterworks and Sewerage	572,107	344,020
Golf Course	18,667	5,623
Total	<u>\$ 1,265,494</u>	<u>\$ 683,561</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in years ending April 30 as follows:

2025	\$ 79,964
2026	79,964
2027	79,964
2028	79,964
2029	79,964
Thereafter	182,113
Total	<u>\$ 581,933</u>

# **CITY OF PALOS HILLS, ILLINOIS**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

*APRIL 30, 2024*

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### **Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In response to this exposure the City participates in the Intergovernmental Risk Management Agency (IRMA), which is an organization of municipalities and special districts in northeastern Illinois that have formed an association under the Illinois Intergovernmental Cooperation's Statute to pool their risk management needs. The City pays annual premiums to IRMA for its workers' compensation, general liability, and property coverage.

The City assumes the first \$1,000 of each occurrence, and IRMA has a mix of self-insurance and commercial insurance at various amounts above that level. The City appoints one delegate, along with an alternate delegate, to represent the City on the Board of Directors. The City does not exercise any control over the activities of the Agency beyond its representation on the Board of Directors.

The City, along with IRMA's other members, has a contractual obligation to fund any deficit of IRMA attributable to a membership year during which it was a member. Supplemental contributions may be required to fund these deficits. There have been no supplemental contributions in any of the past three years.

The City carries commercial insurance for its employee health insurance coverage.

The City has not had significant reductions in insurance coverage during the current year, nor did settlements exceed insurance coverage in any of the last three years.

### **Contingent Liabilities**

Various claims and lawsuits are pending against the City. With respect to pending litigation, neither management nor the City's attorney can predict the outcome of those matters at this time or the ultimate liability should the City not be successful in defending its position. In actions for monetary damages, the City may have coverage through IRMA as described above. However, it is possible that in the near term, losses may be realized on claims in excess of amounts included for legal contingencies within other liabilities on the statement of net position.

### **Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The City of Palos Hills, IL 457 DC Plan, available to all City employees, permits them to defer a portion of their salary until future years. During the year ended April 30, 2024, employees contributed \$34,897 to the plan. The City made no contributions to the plan during the year.

### **Subsequent Events**

Management has evaluated subsequent events through December 9, 2024, which is the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**EMPLOYEE RETIREMENT AND POSTEMPLOYMENT  
BENEFIT PLAN INFORMATION**

**CITY OF PALOS HILLS, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION - POLICE PENSION PLAN**  
**SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY**

**LAST TEN FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:										
Service cost	\$ 1,136,052	\$ 1,224,278	\$ 1,494,975	\$ 1,446,130	\$ 1,028,532	\$ 715,224	\$ 719,309	\$ 702,851	\$ 707,740	\$ 539,226
Interest on the total pension liability	2,680,253	2,616,171	2,327,220	2,375,929	2,449,954	2,275,064	2,208,025	2,082,632	1,633,125	1,796,841
Changes in benefit terms	844,834	(41,412)	-	-	213,905	-	-	-	-	-
Differences between expected and actual experience	(644,768)	3,058,581	(2,300,002)	(1,517,428)	2,488,601	(510,823)	(468,251)	488,481	5,658,802	(4,939,389)
Changes of assumptions	(4,799,587)	(1,429,843)	(4,585,165)	1,715,418	18,245,705	-	-	-	-	1,425,086
Benefit payments, including refunds of employee contributions	(2,303,610)	(2,693,916)	(1,947,384)	(1,661,189)	(1,535,614)	(1,489,542)	(1,445,893)	(1,391,331)	(1,297,044)	(1,205,003)
Other changes	-	-	-	-	-	-	(50,000)	50,000	-	-
Net change in total pension liability	(3,086,826)	2,733,859	(5,010,356)	2,358,860	22,891,083	989,923	963,190	1,932,633	6,702,623	(2,383,239)
Total pension liability at beginning of year	58,350,733	55,616,874	60,627,230	58,268,370	35,377,287	34,387,364	33,424,174	31,491,541	24,788,918	27,172,157
Total pension liability at end of year	<u>\$ 55,263,907</u>	<u>\$ 58,350,733</u>	<u>\$ 55,616,874</u>	<u>\$ 60,627,230</u>	<u>\$ 58,268,370</u>	<u>\$ 35,377,287</u>	<u>\$ 34,387,364</u>	<u>\$ 33,424,174</u>	<u>\$ 31,491,541</u>	<u>\$ 24,788,918</u>
Plan fiduciary net position:										
Contributions - employees	\$ 289,065	\$ 286,237	\$ 277,943	\$ 296,295	\$ 287,299	\$ 281,618	\$ 295,218	\$ 267,934	\$ 258,502	\$ 261,173
Contributions - employer	1,910,144	1,585,773	1,514,383	1,312,608	1,255,152	1,157,605	1,124,093	1,122,832	1,027,227	968,938
Net investment income (loss)	2,154,044	132,115	(1,156,193)	6,277,285	(92,256)	1,498,130	1,303,308	1,377,528	(202,567)	-
Benefit payments, including refunds of employee contributions	(2,308,408)	(2,693,916)	(1,947,384)	(1,661,189)	(1,535,614)	(1,489,542)	(1,445,893)	(1,391,331)	(1,297,044)	1,098,939
Administrative expense	(55,203)	(57,414)	(95,924)	(51,680)	(51,283)	(36,184)	(22,128)	(18,074)	(24,778)	(1,205,003)
Other	-	-	-	-	(3,166)	-	-	-	-	(22,792)
Net change in plan fiduciary net position	1,989,642	(747,205)	(1,407,175)	6,173,319	(139,868)	1,411,627	1,254,598	1,358,889	(238,660)	1,101,255
Plan fiduciary net position at beginning of year	23,959,931	24,707,136	26,114,311	19,940,992	20,080,860	18,669,233	17,414,635	16,055,746	16,294,406	15,193,151
Plan fiduciary net position at end of year	<u>\$ 25,949,573</u>	<u>\$ 23,959,931</u>	<u>\$ 24,707,136</u>	<u>\$ 26,114,311</u>	<u>\$ 19,940,992</u>	<u>\$ 20,080,860</u>	<u>\$ 18,669,233</u>	<u>\$ 17,414,635</u>	<u>\$ 16,055,746</u>	<u>\$ 16,294,406</u>
City's net pension liability at end of year	<u>\$ 29,314,334</u>	<u>\$ 34,390,802</u>	<u>\$ 30,909,738</u>	<u>\$ 34,512,919</u>	<u>\$ 38,327,378</u>	<u>\$ 15,296,427</u>	<u>\$ 15,718,131</u>	<u>\$ 16,009,539</u>	<u>\$ 15,435,795</u>	<u>\$ 8,494,512</u>
Plan fiduciary net position as a percentage of total pension liability	46.96%	41.06%	44.42%	43.07%	34.22%	56.76%	54.29%	52.10%	50.98%	65.73%
Covered payroll	<u>\$ 2,959,940</u>	<u>\$ 2,964,428</u>	<u>\$ 2,871,117</u>	<u>\$ 3,073,331</u>	<u>\$ 2,967,411</u>	<u>\$ 2,787,116</u>	<u>\$ 2,787,153</u>	<u>\$ 2,635,273</u>	<u>\$ 2,632,956</u>	<u>\$ 2,563,776</u>
City's net pension liability as a percentage of covered payroll	<u>990.37%</u>	<u>1160.12%</u>	<u>1076.80%</u>	<u>1122.98%</u>	<u>1291.61%</u>	<u>548.83%</u>	<u>563.95%</u>	<u>607.51%</u>	<u>586.25%</u>	<u>331.33%</u>

**CITY OF PALOS HILLS, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION - POLICE PENSION PLAN**  
**(SCHEDULES TO BE BUILT PROSPECTIVELY)**  
**SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY (CONTINUED)**

*LAST TEN FISCAL YEARS*

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Notes to schedule:

*Changes of Assumptions* – The changes of assumptions during the years ended April 30, 2024 was primarily the result of changes to the single discount rate. The changes of assumptions during the years ended April 30, 2023 and April 30, 2022 were primarily the result of changes to the single discount rate and changes in demographic assumptions based on a comprehensive study of police officers and police pension funds in Illinois and the demographic experience of the Fund. The changes of assumptions during the years ended April 30, 2021 and 2020 were primarily the result of changes in demographic assumptions based on a comprehensive study of police officers and police pension funds in Illinois and the demographic experience of the Fund.

**CITY OF PALOS HILLS, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION - POLICE PENSION PLAN**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**LAST TEN FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 2,414,789	\$ 2,349,177	\$ 2,329,832	\$ 2,157,689	\$ 1,853,268	\$ 1,871,450	\$ 1,853,268	\$ 1,829,193	\$ 1,729,848	\$ 1,039,262
Contributions in relation to the actuarially determined contribution	1,910,144	1,585,773	1,514,383	1,312,608	1,255,152	1,157,605	1,124,093	1,122,832	1,027,227	968,938
Contribution deficiency	\$ 504,645	\$ 763,404	\$ 815,449	\$ 845,081	\$ 598,116	\$ 713,845	\$ 729,175	\$ 706,361	\$ 702,621	\$ 70,324
Covered payroll	\$ 2,959,940	\$ 2,964,428	\$ 2,871,117	\$ 3,073,331	\$ 2,967,411	\$ 2,787,153	\$ 2,635,273	\$ 2,632,956	\$ 2,563,776	\$ 2,563,776
Contributions as a percentage of covered payroll	64.53%	53.49%	52.75%	42.71%	42.30%	41.53%	40.33%	42.61%	39.01%	37.79%

Valuation Date. Actuarially determined contribution rates are calculated from the May 1, 2022 actuarial valuation.

Methods and Assumptions used to Determine Contribution Rates:

Actuarial cost method	Entry-age normal
Amortization method	Level % of pay (closed)
Remaining amortization period	12.08 years
Asset valuation method	5-year smoothed fair value
Inflation	2.25%
Salary increases	3.75% - 10.99%
Investment rate of return	6.50%
Mortality rates	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Described
Retirement rates	100% of L&A 2020 Illinois Retirement Rates Capped at Age 65
Disability rates	100% of L&A 2020 Illinois Police Disability Rates

**SCHEDULE OF INVESTMENT RETURNS**

**LAST TEN FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	8.88%	0.31%	-4.13%	31.02%	-0.48%	8.40%	7.88%	8.91%	0.09%	7.90%

**CITY OF PALOS HILLS, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION - ILLINOIS MUNICIPAL RETIREMENT FUND**  
**(SCHEDULES TO BE BUILT PROSPECTIVELY)**  
**SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS**

**LAST NINE CALENDAR YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:									
Service cost	\$ 311,231	\$ 291,618	\$ 302,580	\$ 308,516	\$ 300,016	\$ 271,449	\$ 281,892	\$ 278,154	\$ 292,097
Interest on the total pension liability	1,439,915	1,375,096	1,326,244	1,384,131	1,338,615	1,266,912	1,189,300	1,125,196	1,089,532
Difference between expected and actual experience	509,246	171,641	(57,073)	(1,431,184)	(134,047)	334,032	818,034	100,605	(370,643)
Changes of assumptions	(16,468)	-	-	(180,241)	-	522,733	(486,158)	(39,110)	37,589
Benefit payments, including refunds of employee contributions	(998,901)	(909,321)	(875,576)	(877,817)	(884,247)	(791,585)	(734,454)	(569,757)	(482,172)
Net change in total pension liability	1,245,023	929,034	696,175	(796,595)	620,337	1,603,541	1,068,614	895,088	566,403
Total pension liability at beginning of year	20,204,725	19,275,691	18,579,516	19,376,111	18,755,774	17,152,233	16,083,619	1,518,531	14,622,128
Total pension liability at end of year	<u>\$ 21,449,748</u>	<u>\$ 20,204,725</u>	<u>\$ 19,275,691</u>	<u>\$ 18,579,516</u>	<u>\$ 19,376,111</u>	<u>\$ 18,755,774</u>	<u>\$ 17,152,233</u>	<u>\$ 2,413,619</u>	<u>\$ 15,188,531</u>
Plan fiduciary net position:									
Contributions - employees	\$ 180,564	\$ 158,313	\$ 141,948	\$ 147,755	\$ 137,138	\$ 138,921	\$ 168,495	\$ 124,210	\$ 120,960
Contributions - employer	185,071	246,409	371,119	402,014	323,646	330,393	314,842	317,701	307,777
Net investment income (loss)	2,097,154	(2,733,634)	3,277,232	2,568,013	2,898,923	(894,216)	2,408,383	894,244	67,932
Benefit payments, including refunds of employee contributions	(998,901)	(909,321)	(875,576)	(877,817)	(884,247)	(791,585)	(734,454)	(569,757)	(482,172)
Other changes	233,896	90,116	(64,406)	(652,786)	66,025	348,458	(107,869)	107,480	(354,825)
Net change in plan fiduciary net position	1,697,784	(3,148,117)	2,850,317	1,587,179	2,538,319	(868,029)	2,049,397	873,878	(340,328)
Plan fiduciary net position at beginning of year	19,158,901	22,307,018	19,456,701	17,869,522	15,328,037	6,196,066	14,146,669	1,272,791	13,613,119
Plan fiduciary net position at end of year	<u>\$ 20,856,685</u>	<u>\$ 19,158,901</u>	<u>\$ 22,307,018</u>	<u>\$ 19,456,701</u>	<u>\$ 17,866,356</u>	<u>\$ 5,328,037</u>	<u>\$ 16,196,066</u>	<u>\$ 2,146,669</u>	<u>\$ 13,272,791</u>
Net pension liability (asset) at end of year	<u>\$ 593,063</u>	<u>\$ 1,045,824</u>	<u>\$ (3,031,327)</u>	<u>\$ (877,185)</u>	<u>\$ 1,509,755</u>	<u>\$ 13,427,737</u>	<u>\$ 956,167</u>	<u>\$ 266,950</u>	<u>\$ 1,915,740</u>
Plan fiduciary net position as a percentage of total pension liability	<u>97.24%</u>	<u>94.82%</u>	<u>115.73%</u>	<u>104.72%</u>	<u>92.22%</u>	<u>28.41%</u>	<u>94.43%</u>	<u>87.96%</u>	<u>87.39%</u>
Covered payroll	<u>\$ 3,731,275</u>	<u>\$ 3,417,610</u>	<u>\$ 3,142,419</u>	<u>\$ 3,158,005</u>	<u>\$ 3,047,507</u>	<u>\$ 2,995,399</u>	<u>\$ 2,870,028</u>	<u>\$ 2,760,224</u>	<u>\$ 2,688,005</u>
Net pension liability (asset) as a percentage of covered payroll	<u>15.89%</u>	<u>30.60%</u>	<u>-96.46%</u>	<u>-27.78%</u>	<u>49.44%</u>	<u>114.43%</u>	<u>33.32%</u>	<u>70.17%</u>	<u>71.27%</u>

**CITY OF PALOS HILLS, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION - ILLINOIS MUNICIPAL RETIREMENT FUND**

**(SCHEDULES TO BE BUILT PROSPECTIVELY)**

**SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)**

***LAST NINE CALENDAR YEARS***

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Note to schedule:

The information in the schedule will accumulate until a full 10-year trend is presented.

Changes in assumptions:

- For 2014, changes are primarily from adopting IMRF specific mortality tables with fully generational projection scale MP-2014 (base year 2014) developed from the RP-2014 mortality tables.
- For 2015, changes are primarily from a change in the calculated Single Discount Rate from 7.49% in 2014 to 7.47% in 2015.
- For 2016, changes are primarily from a change in the calculated Single Discount Rate from 7.47% in 2015 to 7.50% in 2016.
- For 2017, changes are primarily from adopting IMRF specific mortality tables with fully generational projection scale MP-2017 (base year 2015) developed from the RP-2014 mortality tables.
- For 2018, the assumed investment rate of return was lowered from 7.50% to 7.25%.
- For 2020, changes are primarily from adopting the Pub-2010, amount weighted, general mortality tables for retirees and active members.

**CITY OF PALOS HILLS, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION - ILLINOIS MUNICIPAL RETIREMENT FUND**  
**(SCHEDULES TO BE BUILT PROSPECTIVELY)**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

*LAST NINE FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 176,120	\$ 230,951	\$ 330,385	\$ 378,470	\$ 348,360	\$ 337,803	\$ 321,358	\$ 320,773	\$ 310,024
Actual contribution	176,120	230,951	330,385	378,470	348,360	337,803	321,358	320,773	310,024
Covered payroll	<u>\$ 3,700,010</u>	<u>\$ 3,568,402</u>	<u>\$ 3,192,256</u>	<u>\$ 3,042,413</u>	<u>\$ 3,076,312</u>	<u>\$ 3,032,392</u>	<u>\$ 2,915,651</u>	<u>\$ 2,820,626</u>	<u>\$ 2,702,890</u>
Actual contribution as a percentage of covered payroll	<u>4.76%</u>	<u>6.47%</u>	<u>10.35%</u>	<u>12.44%</u>	<u>11.32%</u>	<u>11.14%</u>	<u>11.02%</u>	<u>11.37%</u>	<u>11.47%</u>

Note to schedule:  
The information in the schedule will accumulate until a full 10-year trend is presented.

**SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED  
IN THE CALCULATION OF THE 2023 CONTRIBUTION RATE \***

Valuation Date:

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

Methods and Assumptions used to Determine 2023 Contribution Rates.

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20-year closed period
Asset valuation method	5-year smoothed-fair value; 20% corridor
Wage growth	2.75%
Price inflation	2.25%
Salary increases	2.75% to 13.75%, including inflation
Investment rate of return	7.25%

**CITY OF PALOS HILLS, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION - ILLINOIS MUNICIPAL RETIREMENT FUND**  
**(SCHEDULES TO BE BUILT PROSPECTIVELY)**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS (CONTINUED)**

*LAST NINE FISCAL YEARS*

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Retirement age	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2020 valuation pursuant to an experience study of the period 2017 to 2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below- median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount- Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

*Other information:*      There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2020 actuarial valuation; note two year time lag between valuation and rate setting.

**CITY OF PALOS HILLS, ILLINOIS****REQUIRED SUPPLEMENTARY INFORMATION - RETIREE HEALTH CARE PLAN****(SCHEDULE TO BE BUILT PROSPECTIVELY)****SCHEDULE OF CHANGES IN THE EMPLOYER'S TOTAL OPEB LIABILITY AND RELATED RATIOS****LAST SIX FISCAL YEARS**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Total OPEB liability:						
Service cost	\$ 41,473	\$ 41,423	\$ 60,535	\$ 41,099	\$ 46,668	\$ 42,463
Interest expense	76,448	75,282	16,136	27,600	27,264	26,692
Change in benefit terms	7,587	-	-	-	-	-
Differences between expected and actual experience	(144,805)	-	1,475,045	(65,453)	-	(9,231)
Changes in assumptions or other inputs	(37,513)	(26,251)	(415,141)	(28,110)	50,424	34,399
Benefit payments	(140,775)	(129,977)	(123,636)	-	-	-
Other changes	-	-	-	-	(14,666)	19,906
Net change in total OPEB liability	(197,585)	(39,523)	1,012,939	(24,864)	109,690	114,229
Total OPEB liability at beginning of year	1,916,968	1,956,491	943,552	968,416	858,726	744,497
Total OPEB liability at end of year	<u>\$ 1,719,383</u>	<u>\$ 1,916,968</u>	<u>\$ 1,956,491</u>	<u>\$ 943,552</u>	<u>\$ 968,416</u>	<u>\$ 858,726</u>
Covered-employee payroll	<u>\$ 5,547,850</u>	<u>\$ 5,823,111</u>	<u>\$ 5,599,782</u>	<u>\$ 5,424,966</u>	<u>\$ 5,102,248</u>	<u>\$ 5,102,248</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>30.99%</u>	<u>32.92%</u>	<u>34.94%</u>	<u>17.39%</u>	<u>18.98%</u>	<u>16.83%</u>

## **SUPPLEMENTARY INFORMATION**

## **MAJOR GOVERNMENTAL FUNDS**

## **GENERAL FUND**

**CITY OF PALOS HILLS, ILLINOIS**  
**GENERAL FUND**  
**BALANCE SHEET**

*APRIL 30, 2024 (WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2023)*

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,050,732	\$ 4,618,205
Property taxes receivable	1,255,384	1,013,034
Leases receivable	497,317	498,612
Other receivables	241,344	218,598
Due from other funds	34,799	668,440
Due from other governmental units	945,208	804,023
Prepaid items	-	37,062
<b>Total Assets</b>	<b>\$ 8,024,784</b>	<b>\$ 7,857,974</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 252,486	\$ 179,455
Accrued payroll	431,657	257,724
Deposits payable	55,235	152,170
Due to other funds	27,208	385,387
<b>Total Liabilities</b>	<b>766,586</b>	<b>974,736</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes levied for future period	1,218,092	989,653
Lease related	479,555	490,736
<b>Total Deferred Inflows of Resources</b>	<b>1,697,647</b>	<b>1,480,389</b>
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid items	-	37,062
Leases	17,762	-
Restricted	6,551	1,581
Unassigned	5,536,238	5,364,206
<b>Total Fund Balances</b>	<b>5,560,551</b>	<b>5,402,849</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 8,024,784</b>	<b>\$ 7,857,974</b>

**CITY OF PALOS HILLS, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCES - BUDGET AND ACTUAL**

*YEAR ENDED APRIL 30, 2024*

*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2023)*

	2024			2023
	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:				
Property taxes	\$ 2,340,000	\$ 2,543,951	\$ 203,951	\$ 2,397,445
Utility taxes	1,046,000	1,005,480	(40,520)	1,113,579
Licenses, permits and fees:				
Business licenses	110,000	121,825	11,825	96,112
Animal licenses	400	420	20	410
Building permits	307,500	287,583	(19,917)	440,180
Franchise fees	256,400	210,928	(45,472)	237,763
Recreational fees	276,500	314,099	37,599	284,929
Intergovernmental	4,306,119	5,594,823	1,288,704	6,530,294
Intragovernmental	300,000	300,000	-	300,000
Fines and forfeitures	802,500	876,543	74,043	761,794
Rental income	-	9,886	9,886	11,181
Interest income	15,000	150,438	135,438	57,322
Miscellaneous income	33,500	224,657	191,157	163,187
Total Revenues	9,793,919	11,640,633	1,846,714	12,394,196
Expenditures:				
Current:				
Personnel	5,495,965	5,868,534	(372,569)	5,733,760
Pension benefits	1,650,000	1,981,620	(331,620)	1,585,773
Hospital and medical insurance	568,000	655,130	(87,130)	709,414
Contractual	322,300	429,669	(107,369)	572,216
Commodities	329,500	392,401	(62,901)	377,360
Repairs and maintenance	188,938	195,291	(6,353)	251,058
Other	883,412	1,057,113	(173,701)	787,941
Legal department	158,500	214,470	(55,970)	335,639
Debt service:			-	
Principal retirement	15,334	307,274	(291,940)	497,305
Interest and fees	-	205,430	(205,430)	237,412
Capital outlay	221,970	840,417	(618,447)	252,591
Total Expenditures	9,833,919	12,147,349	(2,313,430)	11,340,469
Excess (deficiency) of revenues over expenditures	(40,000)	(506,716)	(466,716)	1,053,727
Other financing sources (uses):				
Installment contract	-	-	-	382,320
Leases	-	13,775	13,775	-
Proceeds from sale of capital assets	40,000	5,840	(34,160)	-
Transfers in	-	644,803	644,803	640,141
Transfers out	-	-	-	(6,405)
Total Other Financing Sources (uses)	40,000	664,418	624,418	1,016,056
Net change in fund balances	-	157,702	157,702	2,069,783
Fund balances at beginning of year	5,402,849	5,402,849	-	3,333,066
Fund balances at end of year	\$ 5,402,849	\$ 5,560,551	\$ 157,702	\$ 5,402,849

**CITY OF PALOS HILLS, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**

*YEAR ENDED APRIL 30, 2024*

*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2023)*

	2024			2023
	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
General government:				
City administration:				
Salaries	\$ 562,000	\$ 541,040	\$ 20,960	\$ 543,456
Insurance	220,000	253,948	(33,948)	220,856
Office equipment	5,800	5,937	(137)	5,613
Office supplies	8,700	8,655	45	7,782
Miscellaneous	100,700	169,630	(68,930)	113,269
Total City Administration	897,200	979,210	(82,010)	890,976
Vehicle tax:				
Printing forms	500	295	205	930
Employee benefits:				
Health and welfare insurance	568,000	655,130	(87,130)	709,414
Workmen's compensation claims	6,000	3,450	2,550	-
Social Security	120,000	205,975	(85,975)	200,519
Illinois Municipal Retirement Fund	100,000	71,476	28,524	99,815
Accrued unemployment compensation	5,000	3,136	1,864	12,176
Total employee benefits	799,000	939,167	(140,167)	1,021,924
Legal:				
City attorney	9,000	19,200	(10,200)	19,950
City prosecutor	39,000	39,000	-	39,000
Outside professional services	90,000	70,195	19,805	191,505
Legal - union labor	20,500	86,075	(65,575)	85,184
Total Legal	158,500	214,470	(55,970)	335,639
Other:				
Audit	60,000	116,439	(56,439)	112,295
Advisory boards and commissions	10,800	58,076	(47,276)	77,560
Total Other	70,800	174,515	(103,715)	189,855
Total General Government	1,926,000	2,307,657	(381,657)	2,439,324

**CITY OF PALOS HILLS, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)**

*YEAR ENDED APRIL 30, 2024*  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2023)*

	<b>2024</b>			<b>2023</b>
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>	<b>Actual</b>
Parks:				
Salaries	\$ 317,249	\$ 332,578	\$ (15,329)	\$ 340,376
Maintenance	25,000	26,664	(1,664)	30,865
Supplies	22,400	19,157	3,243	35,123
Field trips	5,000	2,920	2,080	2,661
Special events	127,500	175,419	(47,919)	169,049
Miscellaneous	25,000	23,859	1,141	12,047
Total Parks	522,149	580,597	(58,448)	590,121
Public safety:				
Police protection:				
Salaries	3,946,375	4,213,088	(266,713)	4,007,804
Equipment rentals	22,500	21,545	955	22,762
Gasoline and maintenance	163,938	168,627	(4,689)	196,029
Ammunition, uniforms, and police supplies	76,600	62,509	14,091	84,416
Employee benefits - police pension	1,550,000	1,910,144	(360,144)	1,585,773
Seminars and training	49,500	44,332	5,168	65,217
Miscellaneous	536,002	534,383	1,619	478,466
Total Public Safety	6,344,915	6,954,628	(609,713)	6,440,467
Public works:				
Building and zoning:				
Salaries	321,841	358,447	(36,606)	344,140
Consulting engineer	-	15,483	(15,483)	27,971
Miscellaneous	13,910	7,817	6,093	7,848
Total Building and Zoning	335,751	381,747	(45,996)	379,959
Building	19,800	22,254	(2,454)	21,263
Street Lighting	28,000	32,349	(4,349)	40,511
Streets:				
Salaries	217,500	210,820	6,680	185,474
Materials	40,500	42,639	(2,139)	53,755
Vehicles	147,500	221,155	(73,655)	197,431
Gasoline and oil	-	-	-	255
Miscellaneous	14,500	40,382	(25,882)	4,601
Total Streets	420,000	514,996	(94,996)	441,516
Total Public Works	803,551	951,346	(147,795)	883,249

**CITY OF PALOS HILLS, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)**

*YEAR ENDED APRIL 30, 2024*

*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2023)*

	<b>2024</b>			<b>2023</b>
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>	<b>Actual</b>
Debt service:				
Principal retirement	\$ 15,334	\$ 307,274	\$ (291,940)	\$ 497,305
Interest and fees	-	205,430	(205,430)	237,412
Total Debt Service	15,334	512,704	(497,370)	734,717
Capital outlay:				
General government	138,000	237,815	(99,815)	223,446
Public safety	77,170	595,223	(518,053)	23,118
Public works	6,800	7,379	(579)	6,027
Total Capital Outlay	221,970	840,417	(618,447)	252,591
Total Expenditures	\$ 9,833,919	\$ 12,147,349	\$ (2,313,430)	\$ 11,340,469

## **CAPITAL PROJECTS FUND**

**CITY OF PALOS HILLS, ILLINOIS**  
**CAPITAL PROJECTS FUND**  
**BALANCE SHEET**

*APRIL 30, 2024 (WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2023)*

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,564,110	\$ 1,435,596
Other receivables	102,744	102,728
Due from other funds	8,105	-
<b>Total Assets</b>	<b>\$ 1,674,959</b>	<b>\$ 1,538,324</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 215,974	\$ 88,311
Due to other funds	60	217,929
<b>Total Liabilities</b>	<b>216,034</b>	<b>306,240</b>
<b>FUND BALANCES</b>		
Committed	1,458,925	1,232,084
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,674,959</b>	<b>\$ 1,538,324</b>

**CITY OF PALOS HILLS, ILLINOIS**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES**

*YEAR ENDED APRIL 30, 2024*

*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2023)*

	<b>2024</b>	<b>2023</b>
Revenues:		
Licenses, permits, and fees:		
Capital improvement surcharge	\$ 1,249,505	\$ 1,242,527
Intergovernmental	335,734	453,524
Interest income	35,042	11,259
Total Revenues	<u>1,620,281</u>	<u>1,707,310</u>
Expenditures:		
Current:		
Public works	-	21,244
Capital outlay	1,107,490	1,003,352
Total Expenditures	<u>1,107,490</u>	<u>1,024,596</u>
Excess of revenues over expenditures	<u>512,791</u>	<u>682,714</u>
Other financing sources (uses):		
Proceeds from sale of capital assets	11,850	-
Transfers in	-	186,396
Transfers out	(297,800)	(297,475)
Total Other Financing Sources (Uses)	<u>(285,950)</u>	<u>(111,079)</u>
Net change in fund balances	226,841	571,635
Fund balances at beginning of year	<u>1,232,084</u>	<u>660,449</u>
Fund balances at end of year	<u><u>\$ 1,458,925</u></u>	<u><u>\$ 1,232,084</u></u>

## **MOTOR FUEL TAX FUND**

CITY OF PALOS HILLS, ILLINOIS  
MOTOR FUEL TAX FUND  
BALANCE SHEET

APRIL 30, 2024  
(WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2023)

	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents	\$ 509,099	\$ 818,531
Due from other funds	3,299	384,926
Due from other governmental units	79,064	81,072
<b>Total Assets</b>	<b>\$ 591,462</b>	<b>\$ 1,284,529</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 27,355	\$ 66,217
<b>FUND BALANCES</b>		
Restricted	564,107	1,218,312
<b>Total Liabilities and Fund Balances</b>	<b>\$ 591,462</b>	<b>\$ 1,284,529</b>

**CITY OF PALOS HILLS, ILLINOIS**  
**MOTOR FUEL TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES**

*YEAR ENDED APRIL 30, 2024*

*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2023)*

	<b>2024</b>	<b>2023</b>
Revenues:		
Intergovernmental	\$ 1,022,362	\$ 1,183,292
Interest income	2,717	4,440
Total revenues	<u>1,025,079</u>	<u>1,187,732</u>
Expenditures:		
Current:		
Public works	<u>1,679,284</u>	<u>1,209,091</u>
Deficiency of revenues over expenditures	<u>(654,205)</u>	<u>(21,359)</u>
Other financing uses:		
Transfers out	<u>-</u>	<u>(10,886)</u>
Net change in fund balances	(654,205)	(32,245)
Fund balances at beginning of year	<u>1,218,312</u>	<u>1,250,557</u>
Fund balances at end of year	<u>\$ 564,107</u>	<u>\$ 1,218,312</u>

## **MAJOR PROPRIETARY FUNDS**

## **WATERWORKS AND SEWERAGE FUND**

**CITY OF PALOS HILLS, ILLINOIS**  
**WATERWORKS AND SEWERAGE FUND**  
**STATEMENT OF NET POSITION**

*APRIL 30, 2024*

*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE APRIL 30, 2023)*

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 4,439,043	\$ 4,622,108
Receivables:		
Accounts billed	54,845	79,302
Accounts unbilled	573,396	543,212
Due from other funds	1,820	5,040
Prepaid items	41,706	37,062
Total Current Assets	<u>5,110,810</u>	<u>5,286,724</u>
Noncurrent Assets:		
Capital assets being depreciated, net	<u>4,836,747</u>	<u>4,429,200</u>
<b>Total Assets</b>	<u>9,947,557</u>	<u>9,715,924</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	801,248	687,627
Deferred outflows of resources related to other postemployment benefits	<u>572,107</u>	<u>617,801</u>
<b>Total Deferred Outflows of Resources</b>	<u>1,373,355</u>	<u>1,305,428</u>

**CITY OF PALOS HILLS, ILLINOIS**  
**WATERWORKS AND SEWERAGE FUND**  
**STATEMENT OF NET POSITION (CONTINUED)**

*APRIL 30, 2024*

*(WITH COMPARATIVE TOTALS FOR THE APRIL 30, 2023)*

	<b>2024</b>	<b>2023</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	\$ 336,792	\$ 301,484
Accrued payroll and compensated absences	108,797	87,097
Due to other funds	34,799	426,271
Current portion of leases	2,120	-
Current portion of installment contracts	96,827	73,789
Total Current Liabilities	<u>579,335</u>	<u>888,641</u>
Noncurrent Liabilities:		
Leases, less current portion	6,338	-
Installment contracts, less current portion	445,633	-
Net pension liability	326,125	442,070
Total other postemployment benefits liability	805,703	816,437
Total Noncurrent Liabilities	<u>1,583,799</u>	<u>1,258,507</u>
<b>Total Liabilities</b>	<u>2,163,134</u>	<u>2,147,148</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions	108,294	296,209
Deferred inflows of resources related to other postemployment benefits	344,020	225,486
<b>Total Deferred Inflows of Resources</b>	<u>452,314</u>	<u>521,695</u>
<b>NET POSITION</b>		
Net investment in capital assets	4,285,829	4,355,411
Unrestricted	4,419,635	3,997,098
<b>Total Net Position</b>	<u>\$ 8,705,464</u>	<u>\$ 8,352,509</u>

**CITY OF PALOS HILLS, ILLINOIS**  
**WATERWORKS AND SEWERAGE FUND**  
**SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGE IN NET POSITION - BUDGET AND ACTUAL**

*YEAR ENDED APRIL 30, 2024*

*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2023)*

	<b>2024</b>			<b>2023</b>
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>	<b>Actual</b>
Operating revenues:				
Charges for services	\$ 6,607,180	\$ 6,958,503	\$ 351,323	\$ 6,688,840
Permits and fees	30,000	13,370	(16,630)	49,522
Miscellaneous income	21,025	24,801	3,776	30,621
Total Operating Revenues	6,658,205	6,996,674	338,469	6,768,983
Operating expenses:				
Personnel	1,842,733	1,915,174	(72,441)	1,797,588
Employee benefits	817,914	562,002	255,912	666,385
Water purchases	2,526,354	2,505,192	21,162	2,300,201
Electrical energy	39,950	56,232	(16,282)	33,418
Systems maintenance	246,100	365,303	(119,203)	289,140
Contractual services	412,500	466,549	(54,049)	411,182
Intragovernmental	300,000	300,000	-	300,000
Rental, repairs, and maintenance	71,500	71,109	391	105,876
Miscellaneous	22,654	177,245	(154,591)	231,450
Depreciation	-	211,338	(211,338)	190,263
Capital outlay	133,500	95,399	38,101	21,980
Total operating expenses including capitalized items	6,413,205	6,725,543	(312,338)	6,347,483
Less capitalized items	(133,500)	(67,242)	(66,258)	-
Total Operating Expenses	6,279,705	6,658,301	(378,596)	6,347,483
Operating income (loss)	378,500	338,373	(40,127)	421,500
Nonoperating revenue (expense):				
Interest income	20,000	166,937	146,937	51,629
Interest expense	-	(2,355)	(2,355)	(25,638)
Total Nonoperating Revenue (Expense)	20,000	164,582	144,582	25,991

**CITY OF PALOS HILLS, ILLINOIS**  
**WATERWORKS AND SEWERAGE FUND**  
**SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGE IN NET POSITION - BUDGET AND ACTUAL (CONTINUED)**

*YEAR ENDED APRIL 30, 2024*

*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2023)*

	<b>2024</b>			<b>2023</b>
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>	<b>Actual</b>
Income before transfers	\$ 398,500	\$ 502,955	\$ 104,455	\$ 447,491
Transfers in (out):				
Transfers in	-	-	-	107
Transfers out	(150,000)	(150,000)	-	(420,690)
Total Transfers In (Out)	(150,000)	(150,000)	-	(420,583)
Change in net position	248,500	352,955	104,455	26,908
Net position at beginning of year	8,352,509	8,352,509	-	8,325,601
Net position at end of year	<u>\$ 8,601,009</u>	<u>\$ 8,705,464</u>	<u>\$ 104,455</u>	<u>\$ 8,352,509</u>
Other budgeted expenditures:				
Long-term debt principal	<u>\$ 115,000</u>	<u>\$ 74,514</u>	<u>\$ 40,486</u>	<u>\$ 126,515</u>

**CITY OF PALOS HILLS, ILLINOIS**  
**WATERWORKS AND SEWERAGE FUND**  
**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL**

*YEAR ENDED APRIL 30, 2024*

*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2023)*

	<b>2024</b>			<b>2023</b>
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>	<b>Actual</b>
Personnel:				
Salaries and wages	\$ 1,842,733	\$ 1,915,174	\$ (72,441)	\$ 1,797,588
Employee benefits:				
Health and welfare	531,700	229,322	302,378	516,073
FICA Social Security tax	141,214	147,306	(6,092)	138,827
IMRF pension	145,000	185,374	(40,374)	11,485
Total Employee Benefits	817,914	562,002	255,912	666,385
Water purchases	2,526,354	2,505,192	21,162	2,300,201
Electrical energy	39,950	56,232	(16,282)	33,418
Systems maintenance:				
Materials for water installation	15,000	23,870	(8,870)	17,557
Materials for sewer installation	1,500	890	610	1,059
Materials for drainage	22,000	45,128	(23,128)	30,041
Meter purchases and repairs	57,500	163,525	(106,025)	59,922
Purification supplies	2,000	2,857	(857)	1,276
Laboratory services	11,000	11,525	(525)	6,439
Gasoline diesel	75,000	57,482	17,518	82,097
Maintenance:				
Lift stations	20,000	10,843	9,157	29,524
Sanitary sewers	37,000	45,184	(8,184)	54,242
Heating - fuel and light	5,100	3,999	1,101	6,983
Total Systems Maintenance	246,100	365,303	(119,203)	289,140

**CITY OF PALOS HILLS, ILLINOIS**  
**WATERWORKS AND SEWERAGE FUND**  
**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (CONTINUED)**

*YEAR ENDED APRIL 30, 2024*

*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2023)*

	<b>2024</b>			<b>2023</b>
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>	<b>Actual</b>
Contractual services:				
Computer supplies and rental	\$ 85,000	\$ 74,319	\$ 10,681	\$ 80,772
Office equipment	1,300	995	305	2,731
Postage	40,000	42,324	(2,324)	38,095
Telephone	4,200	5,029	(829)	4,325
Audit	32,000	34,904	(2,904)	31,869
Engineering	22,000	53,989	(31,989)	31,078
Liability insurance	225,000	252,677	(27,677)	219,074
Office supplies	3,000	2,312	688	3,238
Total Contractual Services	412,500	466,549	(54,049)	411,182
Intragovernmental	300,000	300,000	-	300,000
Rental, repairs, and maintenance:				
Tools and equipment rentals	33,500	37,555	(4,055)	38,915
Sewer system rehabilitation	38,000	33,554	4,446	66,961
Total rental, repairs, and maintenance	71,500	71,109	391	105,876
Miscellaneous	22,654	177,245	(154,591)	231,450
Depreciation	-	211,338	(211,338)	190,263
Capital outlay	133,500	95,399	38,101	21,980
Total operating expenses including capitalized items	6,413,205	6,725,543	(312,338)	6,347,483
Less capitalized items	(133,500)	(67,242)	(66,258)	-
Total Operating Expenses	\$ 6,279,705	\$ 6,658,301	\$ (378,596)	\$ 6,347,483

**CITY OF PALOS HILLS, ILLINOIS**  
**WATERWORKS AND SEWERAGE FUND**  
**STATEMENT OF CASH FLOWS**

*YEAR ENDED APRIL 30, 2024*

*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2023)*

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers and users	\$ 6,990,947	\$ 6,786,384
Payments to suppliers	(3,939,123)	(3,437,581)
Payments for personnel	(2,719,463)	(2,594,722)
Net cash flows from operating activities	<u>332,361</u>	<u>754,081</u>
<b>Cash flows from noncapital financing activities:</b>		
Advances made to other funds	-	(4,418)
Collection of advances made to other funds	3,220	-
Advances received from other funds	-	297,619
Repayments of advances received from other funds	(391,472)	-
Transfers to other funds	(150,000)	(420,690)
Advances from other funds	-	107
Net cash flows from noncapital financing activities	<u>(538,252)</u>	<u>(127,382)</u>
<b>Cash flows from capital and related financing activities:</b>		
Capital asset additions	(67,242)	-
Principal payments on installment contracts	(73,789)	(126,515)
Principal payments on leases	(725)	-
Interest paid	(2,355)	(25,638)
Net cash flows from capital and related financing activities	<u>(144,111)</u>	<u>(152,153)</u>
<b>Cash flows from investing activities:</b>		
Interest income received	<u>166,937</u>	<u>51,629</u>
Net change in cash and cash equivalents	(183,065)	526,175
Cash and cash equivalents at beginning of year	<u>4,622,108</u>	<u>4,095,933</u>
Cash and cash equivalents at end of year	<u>\$ 4,439,043</u>	<u>\$ 4,622,108</u>
<b>Noncash capital and related financing activities:</b>		
Capital assets acquired from issuance of installment contracts	\$ 542,460	\$ -
Capital assets acquired from issuance of leases	\$ 9,183	\$ -

**CITY OF PALOS HILLS, ILLINOIS**  
**WATERWORKS AND SEWERAGE FUND**  
**STATEMENT OF CASH FLOWS (CONTINUED)**

*YEAR ENDED APRIL 30, 2024*

*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2023)*

	<u>2024</u>	<u>2023</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 338,373	\$ 421,500
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	211,338	190,263
(Increase) decrease in:		
Receivables and other assets	(10,371)	202,973
Deferred outflows of resources related to pensions	(113,621)	(649,951)
Deferred outflows of resources related to other postemployment benefits	45,694	65,445
Increase (decrease) in:		
Accounts payable	35,308	70,094
Accrued payroll and compensated absences	21,700	(6,438)
Net pension liability	(115,945)	2,005,023
Total other postemployment benefits liability	(10,734)	(55,767)
Deferred inflows of resources related to pensions	(187,915)	(1,459,330)
Deferred inflows of resources related to other postemployment benefits	118,534	(29,731)
Net cash flows from operating activities	<u>\$ 332,361</u>	<u>\$ 754,081</u>

## **GOLF COURSE FUND**

**CITY OF PALOS HILLS, ILLINOIS**  
**GOLF COURSE FUND**  
**STATEMENT OF NET POSITION**

*APRIL 30, 2024*

*(WITH COMPARATIVE AMOUNTS FOR THE APRIL 30, 2023)*

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 41,541	\$ 23,960
Due from other funds	15,045	-
Total Current Assets	56,586	23,960
Noncurrent Assets:		
Capital assets not being depreciated/amortized	2,215,779	2,215,779
Capital assets being depreciated/amortized, net	206,919	210,987
Total Noncurrent Assets	2,422,698	2,426,766
<b>Total Assets</b>	<b>2,479,284</b>	<b>2,450,726</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	34,533	25,540
Deferred outflows of resources related to other postemployment benefits	18,667	21,482
<b>Total Deferred Outflows of Resources</b>	<b>53,200</b>	<b>47,022</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	30,040	25,548
Accrued payroll and compensated absences	9,390	9,476
Due to other funds	1,001	28,819
Current portion of leases	7,628	7,170
Current portion of installment contracts	17,100	16,173
Total Current Liabilities	65,159	87,186
Noncurrent Liabilities:		
Leases, less current portion	4,672	12,300
Installment contracts, less current portion	57,037	74,137
Net pension liability	14,056	16,419
Total other postemployment benefits liability	15,131	15,719
Total Noncurrent Liabilities	90,896	118,575
<b>Total Liabilities</b>	<b>156,055</b>	<b>205,761</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions	7,278	13,439
Deferred inflows of resources related to other postemployment benefits	5,623	4,341
<b>Total Deferred Inflows of Resources</b>	<b>12,901</b>	<b>17,780</b>
<b>NET POSITION</b>		
Net investment in capital assets	2,336,261	2,316,986
Unrestricted	27,267	(42,779)
<b>Total Net Position</b>	<b>\$ 2,363,528</b>	<b>\$ 2,274,207</b>

**CITY OF PALOS HILLS, ILLINOIS**  
**GOLF COURSE FUND**  
**SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGE IN NET POSITION - BUDGET AND ACTUAL**

*YEAR ENDED APRIL 30, 2024*

*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2023)*

	<b>2024</b>			<b>2023</b>
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>	<b>Actual</b>
Operating revenues:				
Charges for services	311,102	370,111	59,009	313,484
Retail and concession sales	48,000	65,535	17,535	56,124
Miscellaneous income	15,000	6,918	(8,082)	35,749
Total Operating Revenues	374,102	442,564	68,462	405,357
Operating expenses:				
Personnel	138,212	157,352	(19,140)	134,074
Employee benefits	25,600	12,987	12,613	16,675
Cost of sales	18,000	23,545	(5,545)	24,742
Contractual services	31,500	33,451	(1,951)	38,280
Commodities and supplies	36,200	43,801	(7,601)	47,114
Rental, repairs, and maintenance	9,177	894	8,283	36,885
Miscellaneous	28,450	71,358	(42,908)	145,389
Depreciation / amortization	-	49,543	(49,543)	23,959
Total operating expenses including capitalized items	287,139	392,931	(105,792)	467,118
Less capitalized items	(14,000)	(45,475)	31,475	(128,750)
Total Operating Expenses	273,139	347,456	(74,317)	338,368
Operating income	100,963	95,108	(5,855)	66,989
Nonoperating revenue (expense):				
Interest income	-	47	47	35
Interest expense	(3,000)	(5,834)	(2,834)	(1,608)
Total Nonoperating Revenue (Expense)	(3,000)	(5,787)	(2,787)	(1,573)
Income before transfers	97,963	89,321	(8,642)	65,416
Transfers in (out)	-	-	-	(97,467)
Change in net position	97,963	89,321	(8,642)	(32,051)
Net position at beginning of year	2,274,207	2,274,207	-	2,306,258
Net position at end of year	<u>\$ 2,372,170</u>	<u>\$ 2,363,528</u>	<u>\$ (8,642)</u>	<u>\$ 2,274,207</u>
Other budgeted expenditures:				
Long-term debt principal	<u>\$ 35,000</u>	<u>\$ 23,343</u>	<u>\$ 11,657</u>	<u>\$ 22,553</u>

**CITY OF PALOS HILLS, ILLINOIS**  
**GOLF COURSE FUND**  
**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL**

*YEAR ENDED APRIL 30, 2024*

*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2023)*

	<b>2024</b>			<b>2023</b>
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>	<b>Actual</b>
Personnel:				
Salaries and wages	\$ 69,212	\$ 72,377	\$ (3,165)	\$ 68,407
Labor	69,000	84,975	(15,975)	65,667
Total Personnel	138,212	157,352	(19,140)	134,074
Employee benefits:				
FICA Social Security tax	-	12,140	(12,140)	4,303
IMRF pension	25,600	847	24,753	12,372
Total Employee Benefits	25,600	12,987	12,613	16,675
Cost of sales:				
Food	15,000	16,606	(1,606)	16,013
Merchandise	3,000	6,939	(3,939)	8,729
Total cost of sales	18,000	23,545	(5,545)	24,742
Contractual services:				
Utilities	8,500	9,480	(980)	5,695
Insurance	14,000	14,772	(772)	25,067
Dues	1,000	665	335	797
Sales and use tax	5,000	5,366	(366)	4,332
Rental	1,000	2,611	(1,611)	745
Uniforms	1,200	388	812	658
Licenses	800	169	631	986
Total Contractual Services	31,500	33,451	(1,951)	38,280

**CITY OF PALOS HILLS, ILLINOIS**  
**GOLF COURSE FUND**  
**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (CONTINUED)**

*YEAR ENDED APRIL 30, 2024*

*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2023)*

	<b>2024</b>			<b>2023</b>
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>	<b>Actual</b>
Commodities and supplies:				
Gasoline and lubricants	\$ 6,900	\$ 6,183	\$ 717	\$ 7,312
Seed, sod, and flowers	800	4,089	(3,289)	2,039
Fertilizer	4,000	4,401	(401)	2,165
Pesticides	16,000	17,514	(1,514)	20,024
Supplies	5,500	6,387	(887)	7,128
Irrigation and drainage	3,000	5,227	(2,227)	8,446
Total Commodities and Supplies	36,200	43,801	(7,601)	47,114
Rental, repairs, and maintenance:				
Machinery	-	-	-	12,525
Safety equipment/inspections	1,000	716	284	962
Maintenance equipment	8,177	178	7,999	22,642
Golf shop equipment	-	-	-	756
Total rental, repairs, and maintenance	9,177	894	8,283	36,885
Miscellaneous				
Services provided	4,300	2,785	1,515	3,878
Golf capital outlay	14,000	50,321	(36,321)	128,750
Other	10,150	18,252	(8,102)	12,761
Total Miscellaneous	28,450	71,358	(42,908)	145,389
Depreciation / Amortization	-	49,543	(49,543)	23,959
Total operating expenses including capitalized items	287,139	392,931	(105,792)	467,118
Less capitalized items	(14,000)	(45,475)	31,475	(128,750)
Total Operating Expenses	\$ 273,139	\$ 347,456	\$ (74,317)	\$ 338,368

**CITY OF PALOS HILLS, ILLINOIS**  
**GOLF COURSE FUND**  
**STATEMENT OF CASH FLOWS**

*YEAR ENDED APRIL 30, 2024*

*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2023)*

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers and users	\$ 442,564	\$ 405,357
Payments to suppliers	(123,082)	(155,538)
Payments for personnel	(184,433)	(145,533)
Net cash flows from operating activities	135,049	104,286
<b>Cash flows from noncapital financing activities:</b>		
Advances made to other funds	(15,045)	-
Repayments of advances received from other funds	(27,818)	-
Advances received from other funds	-	28,819
Transfers to other funds	-	(97,467)
Net cash flows from noncapital financing activities	(42,863)	(68,648)
<b>Cash flows from capital and related financing activities:</b>		
Capital asset additions	(45,475)	(28,125)
Principal payments on installment contracts	(16,173)	(15,678)
Principal payments on leases	(7,170)	(6,875)
Interest paid	(5,834)	(1,608)
Net cash flows from capital and related financing activities	(74,652)	(52,286)
<b>Cash flows from investing activities:</b>		
Interest income received	47	35
Net change in cash and cash equivalents	17,581	(16,613)
Cash and cash equivalents at beginning of year	23,960	40,573
Cash and cash equivalents at end of year	\$ 41,541	\$ 23,960

**CITY OF PALOS HILLS, ILLINOIS**  
**GOLF COURSE FUND**  
**STATEMENT OF CASH FLOWS (CONTINUED)**

*YEAR ENDED APRIL 30, 2024*

*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2023)*

	<u>2024</u>	<u>2023</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 95,108	\$ 66,989
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	49,543	23,959
(Increase) decrease in:		
Deferred outflows of resources related to pensions	(8,993)	(21,947)
Deferred outflows of resources related to other postemployment benefits	2,815	2,256
Increase (decrease) in:		
Accounts payable	4,492	8,122
Accrued payroll and compensated absences	(86)	3,018
Net pension liability	(2,363)	76,742
Total other postemployment benefits liability	(588)	(1,694)
Deferred inflows of resources related to pensions	(6,161)	(52,467)
Deferred inflows of resources related to other postemployment benefits	1,282	(692)
Net cash flows from operating activities	<u>\$ 135,049</u>	<u>\$ 104,286</u>

**NONMAJOR GOVERNMENTAL FUNDS**

**CITY OF PALOS HILLS, ILLINOIS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

*APRIL 30, 2024*  
*(WITH COMPARATIVE TOTALS FOR APRIL 30, 2023)*

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds	
	DEA / Customs Revenue	Park Development	2024	2023
<b>ASSETS</b>				
Cash and cash equivalents	\$ 178,431	\$ 135,183	\$ 313,614	\$ 649,328
<b>FUND BALANCES</b>				
Restricted	\$ 178,431	\$ -	\$ 178,431	\$ 490,514
Assigned	-	135,183	135,183	158,814
<b>Total Fund Balances</b>	<b>\$ 178,431</b>	<b>\$ 135,183</b>	<b>\$ 313,614</b>	<b>\$ 649,328</b>

**CITY OF PALOS HILLS, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGE IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**

*APRIL 30, 2024*

*(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED APRIL 30, 2023)*

	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total Nonmajor Governmental Funds</b>	
	<b>DEA / Customs Revenue</b>	<b>Park Development</b>	<b>2024</b>	<b>2023</b>
Revenues:				
Intergovernmental	\$ 42,918	\$ -	\$ 42,918	\$ 113,829
Interest income	447	73	520	604
Miscellaneous income	-	26,200	26,200	32,300
Total Revenues	<u>43,365</u>	<u>26,273</u>	<u>69,638</u>	<u>146,733</u>
Expenditures:				
Current:				
Public works	-	-	-	6,000
Capital outlay	81,762	48,261	130,023	216,501
Debt service:				
Principal	61,384	-	61,384	-
Interest	18,342	-	18,342	-
Total Expenditures	<u>161,488</u>	<u>48,261</u>	<u>209,749</u>	<u>222,501</u>
Deficiency of revenues over expenditures	<u>(118,123)</u>	<u>(21,988)</u>	<u>(140,111)</u>	<u>(75,768)</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	1,400		1,400	-
Transfers in	-	-	-	6,298
Transfers out	(195,360)	(1,643)	(197,003)	(19)
Total Other Financing Sources (Uses)	<u>(193,960)</u>	<u>(1,643)</u>	<u>(195,603)</u>	<u>6,279</u>
Net change in fund balances	<u>(312,083)</u>	<u>(23,631)</u>	<u>(335,714)</u>	<u>(69,489)</u>
Fund balances at beginning of year	<u>490,514</u>	<u>158,814</u>	<u>649,328</u>	<u>718,817</u>
Fund balances at end of year	<u>\$ 178,431</u>	<u>\$ 135,183</u>	<u>\$ 313,614</u>	<u>\$ 649,328</u>

**SPECIAL REVENUE FUND**

**DEA / CUSTOMS REVENUE FUND**

**CITY OF PALOS HILLS, ILLINOIS**  
**DEA / CUSTOMS REVENUE FUND**  
**BALANCE SHEET**

*APRIL 30, 2024*  
*(WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2023)*

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	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash and cash equivalents	<u>\$ 178,431</u>	<u>\$ 490,514</u>
<b>FUND BALANCES</b>		
Restricted	<u>\$ 178,431</u>	<u>\$ 490,514</u>

**CITY OF PALOS HILLS, ILLINOIS**  
**DEA / CUSTOMS REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES**

*YEAR ENDED APRIL 30, 2024*

*(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED APRIL 30, 2023)*

	<b>2024</b>	<b>2023</b>
Revenues:		
Intergovernmental	\$ 42,918	\$ 39,355
Interest income	447	526
Total Revenues	<u>43,365</u>	<u>39,881</u>
Expenditures:		
Current:		
Public works	-	6,000
Capital outlay	81,762	123,701
Debt service:		
Principal	61,384	-
Interest	18,342	-
Total Expenditures	<u>161,488</u>	<u>129,701</u>
Deficiency of revenues over expenditures	<u>(118,123)</u>	<u>(89,820)</u>
Other financing sources (uses):		
Proceeds from sale of capital assets	1,400	-
Transfers in	-	6,298
Transfers out	(195,360)	-
Total Other Financing Sources (Uses)	<u>(193,960)</u>	<u>6,298</u>
Net change in fund balances	(312,083)	(83,522)
Fund balances at beginning of year	490,514	574,036
Fund balances at end of year	<u>\$ 178,431</u>	<u>\$ 490,514</u>

## **CAPITAL PROJECTS FUND**

**PARK DEVELOPMENT FUND**

CITY OF PALOS HILLS, ILLINOIS  
PARK DEVELOPMENT FUND  
BALANCE SHEET

APRIL 30, 2024  
(WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2023)

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 135,183	\$ 158,814
FUND BALANCES		
Assigned	\$ 135,183	\$ 158,814

**CITY OF PALOS HILLS, ILLINOIS**  
**PARK DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES**

*YEAR ENDED APRIL 30, 2024*  
*(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED APRIL 30, 2023)*

	<b>2024</b>	<b>2023</b>
Revenues:		
Intergovernmental	\$ -	\$ 74,474
Interest income	73	78
Miscellaneous income	26,200	32,300
Total Revenues	26,273	106,852
Expenditures:		
Capital outlay	48,261	92,800
Excess (deficiency) of revenues over expenditures	(21,988)	14,052
Other financing uses:		
Transfers out	(1,643)	(19)
Net change in fund balances	(23,631)	14,033
Fund balances at beginning of year	158,814	144,781
Fund balances at end of year	<u>\$ 135,183</u>	<u>\$ 158,814</u>

## **FIDUCIARY FUND**

## **PENSION TRUST FUND**

## **POLICE PENSION FUND**

**CITY OF PALOS HILLS, ILLINOIS**  
**POLICE PENSION FUND**  
**STATEMENT OF FIDUCIARY NET POSITION**

*APRIL 30, 2024*  
*(WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2023)*

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 884,509	\$ 698,182
Receivables:		
Other	21,247	104,596
Prepaid items	4,301	4,293
Investments:		
Pooled investments	25,165,924	23,281,018
<b>Total Assets</b>	<b>26,075,981</b>	<b>24,088,089</b>
<b>LIABILITIES</b>		
Accounts payable	126,408	128,158
<b>NET POSITION</b>		
Net position restricted for pensions	<u>\$ 25,949,573</u>	<u>\$ 23,959,931</u>

**CITY OF PALOS HILLS, ILLINOIS**  
**POLICE PENSION FUND**  
**STATEMENT OF CHANGE IN FIDUCIARY NET POSITION**

*YEAR ENDED APRIL 30, 2024*  
*(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED APRIL 30, 2023)*

	<b>2024</b>	<b>2023</b>
Additions		
Contributions:		
Employer	\$ 1,910,144	\$ 1,585,773
Employees	289,065	286,237
Total Contributions	2,199,209	1,872,010
Investment income	2,167,123	161,793
Less investment expense	(13,079)	(29,678)
Net Investment Income	2,154,044	132,115
Total Additions	4,353,253	2,004,125
Deductions:		
Benefit payments and refunds of member contributions	2,308,408	2,693,916
Administrative expenses	55,203	57,414
Total Deductions	2,363,611	2,751,330
Change in net position	1,989,642	(747,205)
Net position at beginning of year	23,959,931	24,707,136
Net position at end of year	\$ 25,949,573	\$ 23,959,931

**SCHEDULES OF CAPITAL ASSETS USED IN THE OPERATIONS  
OF GOVERNMENTAL FUNDS**

**CITY OF PALOS HILLS, ILLINOIS**  
**SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATIONS OF**  
**GOVERNMENTAL FUNDS - BY SOURCE**

APRIL 30, 2024

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**ASSETS**

**Governmental funds capital assets:**

Land	\$ 5,404,581
Buildings	13,970,554
Furniture and fixtures	589,487
Infrastructure	2,236,450
Land improvements	1,740,425
Machinery and equipment	2,141,566
Vehicles	3,142,726
Right-to-use leased equipment	42,041
Total Governmental Funds Capital Assets	<u>\$ 29,267,830</u>

**INVESTMENT IN GOVERNMENTAL FUNDS**  
**CAPITAL ASSETS BY SOURCE**

Investment in governmental funds capital assets by source:

Source of capital assets inseparable prior to May 1, 2001	\$ 10,597,942
General Fund	5,878,610
Special revenue funds	2,387,084
Capital projects funds	10,404,194
Total Governmental Fund Capital Assets	<u>\$ 29,267,830</u>

**CITY OF PALOS HILLS, ILLINOIS**  
**SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATIONS OF**  
**GOVERNMENTAL FUNDS - BY FUNCTION AND ACTIVITY**

*YEAR ENDED APRIL 30, 2024*

---

<b>Function and Activity</b>	<b>Land</b>	<b>Buildings</b>	<b>Furniture and Fixtures</b>	<b>Infrastructure</b>	<b>Land Improvements</b>	<b>Machinery and Equipment</b>	<b>Vehicles</b>	<b>Right-to-use Leased Equipment</b>	<b>Total</b>
General government	\$ 2,667,594	\$ 1,686,700	\$ 81,690	\$ 2,220,046	\$ 483,732	\$ 493,814	\$ 24,000	\$ 13,775	\$ 7,671,351
Parks	542,038	2,242,791	352,453	-	916,631	151,804	358,687	28,266	4,592,670
Public safety	1,089,670	1,118,325	28,534	-	79,137	1,018,780	2,375,625	-	5,710,071
Public works	1,105,279	8,922,738	126,810	16,404	260,925	477,168	384,414	-	11,293,738
Total governmental funds capital assets	<u>\$ 5,404,581</u>	<u>\$ 13,970,554</u>	<u>\$ 589,487</u>	<u>\$ 2,236,450</u>	<u>\$ 1,740,425</u>	<u>\$ 2,141,566</u>	<u>\$ 3,142,726</u>	<u>\$ 42,041</u>	<u>\$ 29,267,830</u>

**CITY OF PALOS HILLS, ILLINOIS****SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS - CHANGES BY FUNCTION AND ACTIVITY***YEAR ENDED APRIL 30, 2024*

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<b>Function and Activity</b>	<b>Balance May 1, 2023</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance April 30, 2024</b>
General government	\$ 7,644,466	\$ 26,885	\$ -	\$ 7,671,351
Parks	4,266,466	326,204	-	4,592,670
Public safety	5,295,255	626,941	(212,125)	5,710,071
Public works	11,289,809	3,929	-	11,293,738
Total governmental funds capital assets	<u>\$ 28,495,996</u>	<u>\$ 983,959</u>	<u>\$ (212,125)</u>	<u>\$ 29,267,830</u>

## **STATISTICAL SECTION**

# CITY OF PALOS HILLS, ILLINOIS

## STATISTICAL SECTION

YEAR ENDED APRIL 30, 2024

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This part of the annual comprehensive financial report of the City of Palos Hills, Illinois presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health. The section is divided into five sections as follows:

*Financial Trends* – These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Net Position by Component	90
Changes in Net Position	91-92
General Government Tax Revenues by Source	93
Fund Balances of Governmental Funds	94
Changes in Fund Balances of Governmental Funds	95

*Revenue Capacity* – These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Assessed Value and Estimated Actual Value of Taxable Property	96
Property Tax Rates - Direct and Overlapping Governments	97
Principal Property Taxpayers	98
Property Tax Levies and Collections	99

*Debt Capacity* – These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Ratios of Outstanding Debt by Type	100
Direct and Overlapping Governmental Activities Debt	101
Legal Debt Margin Information	102

*Demographic and Economic Information* – These schedules contain demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Demographic and Economic Statistics	103
Ten Largest Employers (Information not Currently Available)	

*Operating Information* – These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Full-time Equivalent City Government Employees by Function	104
Operating Indicators and Capital Asset Statistics by Function	105

**CITY OF PALOS HILLS, ILLINOIS**  
**NET POSITION BY COMPONENT**

***LAST TEN FISCAL YEARS***

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Governmental activities:										
Net investment in capital assets	\$ 12,841,299	\$ 12,167,469	\$ 12,126,445	\$ 10,872,971	\$ 6,197,432	\$ 7,952,721	\$ 8,100,130	\$ 8,133,683	\$ 8,175,266	\$ 8,259,943
Restricted	749,089	1,710,407	1,840,280	1,829,842	964,145	591,577	1,388,166	1,155,527	1,117,012	1,086,050
Unrestricted	<u>(23,475,750)</u>	<u>(21,354,476)</u>	<u>(21,366,815)</u>	<u>(19,838,716)</u>	<u>(13,304,060)</u>	<u>(8,639,170)</u>	<u>(8,198,943)</u>	<u>(7,683,933)</u>	<u>(6,833,843)</u>	<u>(1,375,729)</u>
Total governmental activities net position	<u>(9,885,362)</u>	<u>(7,476,600)</u>	<u>(7,400,090)</u>	<u>(7,135,903)</u>	<u>(6,142,483)</u>	<u>(94,872)</u>	<u>1,289,353</u>	<u>1,605,277</u>	<u>2,458,435</u>	<u>7,970,264</u>
Business-type activities:										
Net investment in capital assets	6,622,090	6,672,397	6,709,426	6,688,652	6,649,701	6,790,259	6,738,828	6,819,628	6,888,859	7,013,076
Unrestricted	<u>4,446,902</u>	<u>3,954,319</u>	<u>3,922,433</u>	<u>714,960</u>	<u>690,088</u>	<u>389,009</u>	<u>782,905</u>	<u>315,557</u>	<u>(241,318)</u>	<u>(37,811)</u>
Total business-type activities net position	<u>11,068,992</u>	<u>10,626,716</u>	<u>10,631,859</u>	<u>7,403,612</u>	<u>7,339,789</u>	<u>7,179,268</u>	<u>7,521,733</u>	<u>7,135,185</u>	<u>6,647,541</u>	<u>6,975,265</u>
Primary government:										
Net investment in capital assets	19,463,389	18,839,866	18,835,871	17,561,623	12,847,133	14,742,980	14,838,958	14,953,311	15,064,125	15,273,019
Restricted	749,089	1,710,407	1,840,280	1,829,842	964,145	591,577	1,388,166	1,155,527	1,117,012	1,086,050
Unrestricted	<u>(19,028,848)</u>	<u>(17,400,157)</u>	<u>(17,444,382)</u>	<u>(19,123,756)</u>	<u>(12,613,972)</u>	<u>(8,250,161)</u>	<u>(7,416,038)</u>	<u>(7,368,376)</u>	<u>(7,075,161)</u>	<u>(1,413,540)</u>
Total primary government net position	<u>\$ 1,183,630</u>	<u>\$ 3,150,116</u>	<u>\$ 3,231,769</u>	<u>\$ 267,709</u>	<u>\$ 1,197,306</u>	<u>\$ 7,084,396</u>	<u>\$ 8,811,086</u>	<u>\$ 8,740,462</u>	<u>\$ 9,105,976</u>	<u>\$ 14,945,529</u>

Note: The City adopted GASB 68 during the fiscal year ended April 30, 2016 and GASB 75 during the fiscal year ended April 30, 2019. Prior years are not restated to reflect retrospective adoption of GASB 68 and GASB 75.

**CITY OF PALOS HILLS, ILLINOIS**  
**CHANGES IN NET POSITION**

**LAST TEN FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expenses:										
Governmental activities:										
General government	\$ 2,694,809	\$ 2,537,876	\$ 1,869,932	\$ 2,149,991	\$ 2,472,062	\$ 2,358,272	\$ 2,150,907	\$ 2,010,117	\$ 2,270,763	\$ 2,018,083
Parks	1,427,800	703,098	686,645	387,352	633,578	704,778	654,963	610,700	583,360	641,454
Public safety	9,919,277	9,629,212	8,966,255	9,480,593	11,696,150	6,897,450	6,829,394	6,779,937	6,169,070	5,598,785
Public works	2,687,148	2,905,277	1,960,589	1,776,766	1,974,010	2,561,447	1,060,536	959,427	1,003,154	899,488
Interest on long-term debt	204,449	233,824	239,555	271,549	253,763	74,701	69,756	125,383	35,544	169,551
Total Governmental Activities	16,933,483	16,009,287	13,722,976	14,066,251	17,029,563	12,596,648	10,765,556	10,485,564	10,061,891	9,327,361
Business-type activities:										
Waterworks and sewerage	6,660,656	6,373,121	5,563,983	6,389,405	5,881,283	5,859,602	5,651,677	5,276,906	5,365,987	5,097,599
Golf course	353,290	339,976	278,965	282,649	235,797	354,955	357,180	360,182	379,533	356,389
Total Business-type Activities	7,013,946	6,713,097	5,842,948	6,672,054	6,117,080	6,214,557	6,008,857	5,637,088	5,745,520	5,453,988
Total Primary Government	\$ 23,947,429	\$ 22,722,384	\$ 19,565,924	\$ 20,738,305	\$ 23,146,643	\$ 18,811,205	\$ 16,774,413	\$ 16,122,652	\$ 15,807,411	\$ 14,781,349
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 1,010,493	\$ 1,130,735	\$ 1,121,103	\$ 1,254,425	\$ 873,736	\$ 1,107,231	\$ 925,786	\$ 865,008	\$ 857,549	\$ 969,492
Parks	314,099	284,929	240,087	58,444	284,252	306,483	299,703	259,735	244,470	243,532
Public safety	909,174	762,204	814,473	802,506	716,702	1,047,399	1,034,400	765,086	897,557	755,470
Operating grants and contributions	148,632	1,206,455	1,446,410	1,049,809	785,154	517,712	716,864	541,057	531,380	771,801
Capital grants and contributions	1,358,096	1,776,135	1,960,661	1,312,783	63,000	-	-	-	-	-
Total Governmental Activities	3,740,494	5,160,458	5,582,734	4,477,967	2,722,844	2,978,825	2,976,753	2,430,886	2,530,956	2,740,295
Business-type activities:										
Charges for services:										
Waterworks and sewerage	6,996,674	6,768,983	6,637,737	6,445,200	6,288,235	6,276,911	6,209,844	5,914,061	5,713,771	5,362,044
Golf course	442,564	405,357	329,134	342,132	170,831	225,409	263,091	289,519	277,594	282,051
Total Business-type Activities	7,439,238	7,174,340	6,966,871	6,787,332	6,459,066	6,502,320	6,472,935	6,203,580	5,991,365	5,644,095
Total Primary Government	\$ 11,179,732	\$ 12,334,798	\$ 12,549,605	\$ 11,265,299	\$ 9,181,910	\$ 9,481,145	\$ 9,449,688	\$ 8,634,466	\$ 8,522,321	\$ 8,384,390

**CITY OF PALOS HILLS, ILLINOIS**  
**CHANGES IN NET POSITION (CONTINUED)**

**LAST TEN FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net (expense) revenue:										
Governmental activities	\$ (13,192,989)	\$ (10,848,829)	\$ (8,140,242)	\$ (9,588,284)	\$ (14,306,719)	\$ (9,617,823)	\$ (7,788,803)	\$ (8,054,678)	\$ (7,530,935)	\$ (6,587,066)
Business-type activities	425,292	461,243	1,123,923	115,278	341,986	287,763	464,078	566,492	245,845	190,107
Total Primary Government	<u>\$ (12,767,697)</u>	<u>\$ (10,387,586)</u>	<u>\$ (7,016,319)</u>	<u>\$ (9,473,006)</u>	<u>\$ (13,964,733)</u>	<u>\$ (9,330,060)</u>	<u>\$ (7,324,725)</u>	<u>\$ (7,488,186)</u>	<u>\$ (7,285,090)</u>	<u>\$ (6,396,959)</u>
General revenues and other changes in net position:										
Governmental activities:										
General revenues:										
Taxes:										
Property	\$ 2,543,951	\$ 2,397,445	\$ 2,408,205	\$ 2,224,155	\$ 2,235,721	\$ 2,143,450	\$ 2,170,247	\$ 2,124,377	\$ 2,077,927	\$ 2,065,403
Utility	1,005,480	1,113,579	1,053,542	917,859	935,003	1,005,258	1,023,765	1,046,362	1,029,936	1,124,236
Intergovernmental-unrestricted:										
State income	3,399,907	3,156,248	3,151,907	2,257,714	1,863,646	1,967,498	1,751,420	1,739,259	1,854,478	1,828,570
State sales	1,331,355	1,310,093	1,191,165	865,644	828,579	805,197	804,485	785,110	755,645	791,937
Local use	710,309	759,834	704,131	786,554	611,817	531,568	459,890	431,093	403,601	353,255
Personal property replacement	47,538	72,174	63,858	29,296	23,097	21,100	19,504	23,310	20,985	22,796
Interest income	188,717	73,625	2,178	16,681	108,095	22,481	9,716	6,915	5,987	3,636
Miscellaneous income	1,406,970	1,371,271	1,401,979	1,373,271	1,419,073	1,336,255	1,151,703	962,958	1,075,277	987,890
Transfers	150,000	518,050	(2,100,910)	83,516	234,077	318,729	82,149	82,136	81,934	81,578
Total Governmental Activities	<u>10,784,227</u>	<u>10,772,319</u>	<u>7,876,055</u>	<u>8,554,690</u>	<u>8,259,108</u>	<u>8,151,536</u>	<u>7,472,879</u>	<u>7,201,520</u>	<u>7,305,770</u>	<u>7,259,301</u>
Business-type activities:										
General revenues:										
Interest income	166,984	51,664	3,414	15,911	52,612	23,301	4,619	3,288	2,781	1,801
Gain on disposal of assets	-	-	-	16,150	-	-	-	-	-	-
Transfers	(150,000)	(518,050)	2,100,910	(83,516)	(234,077)	(318,729)	(82,149)	(82,136)	(81,934)	(81,578)
Total Business-type Activities	<u>16,984</u>	<u>(466,386)</u>	<u>2,104,324</u>	<u>(51,455)</u>	<u>(181,465)</u>	<u>(295,428)</u>	<u>(77,530)</u>	<u>(78,848)</u>	<u>(79,153)</u>	<u>(79,777)</u>
Total Primary Government	<u>\$ 10,801,211</u>	<u>\$ 10,305,933</u>	<u>\$ 9,980,379</u>	<u>\$ 8,503,235</u>	<u>\$ 8,077,643</u>	<u>\$ 7,856,108</u>	<u>\$ 7,395,349</u>	<u>\$ 7,122,672</u>	<u>\$ 7,226,617</u>	<u>\$ 7,179,524</u>
Changes in net position:										
Governmental activities	\$ (2,408,762)	\$ (76,510)	\$ (264,187)	\$ (1,033,594)	\$ (6,047,611)	\$ (1,466,287)	\$ (315,924)	\$ (853,158)	\$ (225,165)	\$ 672,235
Business-type activities	442,276	(5,143)	3,228,247	63,823	160,521	(7,665)	386,548	487,644	166,692	110,330
Total Primary Government	<u>\$ (1,966,486)</u>	<u>\$ (81,653)</u>	<u>\$ 2,964,060</u>	<u>\$ (969,771)</u>	<u>\$ (5,887,090)</u>	<u>\$ (1,473,952)</u>	<u>\$ 70,624</u>	<u>\$ (365,514)</u>	<u>\$ (58,473)</u>	<u>\$ 782,565</u>

Note: The City adopted GASB 68 during the fiscal year ended April 30, 2016 and GASB 75 during the fiscal year ended April 30, 2019. Prior years are not restated to reflect retrospective adoption of GASB 68 and GASB 75.

**CITY OF PALOS HILLS, ILLINOIS**  
**GENERAL GOVERNMENT TAX REVENUES BY SOURCE**

***LAST TEN FISCAL YEARS***

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<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Utility Taxes</b>	<b>Total</b>
2024	\$ 2,543,951	\$ 1,005,480	\$ 3,549,431
2023	2,397,445	1,113,579	3,511,024
2022	2,408,205	1,053,542	3,461,747
2021	2,224,155	917,859	3,142,014
2020	2,235,721	935,003	3,170,724
2019	2,143,450	1,005,258	3,148,708
2018	2,170,247	1,023,765	3,194,012
2017	2,124,377	1,046,362	3,170,739
2016	2,077,927	1,029,936	3,107,863
2015	2,065,403	1,124,236	3,189,639

**CITY OF PALOS HILLS, ILLINOIS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

*LAST TEN FISCAL YEARS*

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
General Fund:										
Nonspendable	\$ 17,762	\$ 37,062	\$ 36,238	\$ 2,519,984	\$ 2,438,398	\$ 2,370,574	\$ 2,244,582	\$ 2,149,840	\$ 2,077,203	\$ 2,004,865
Restricted	6,551	1,581	15,687	31,110	-	-	-	-	-	-
Unassigned	5,536,238	5,364,206	3,281,141	1,297,968	788,149	1,433,992	1,271,731	1,212,231	1,844,895	1,414,980
Total General Fund	<u>\$ 5,560,551</u>	<u>\$ 5,402,849</u>	<u>\$ 3,333,066</u>	<u>\$ 3,849,062</u>	<u>\$ 3,226,547</u>	<u>\$ 3,804,566</u>	<u>\$ 3,516,313</u>	<u>\$ 3,362,071</u>	<u>\$ 3,922,098</u>	<u>\$ 3,419,845</u>
All other governmental funds:										
Restricted	\$ 742,538	\$ 1,708,826	\$ 1,824,593	\$ 1,798,732	\$ 964,145	\$ 6,996,830	\$ 1,388,166	\$ 1,155,527	\$ 1,117,012	\$ 1,086,050
Committed	1,458,925	1,232,084	660,449	191,522	2,706,633	2,116,869	2,110,804	1,950,367	1,792,830	1,619,853
Assigned	135,183	158,814	144,781	121,658	105,205	155,051	247,428	261,305	250,035	244,685
Total all other governmental funds	<u>\$ 2,336,646</u>	<u>\$ 3,099,724</u>	<u>\$ 2,629,823</u>	<u>\$ 2,111,912</u>	<u>\$ 3,775,983</u>	<u>\$ 9,268,750</u>	<u>\$ 3,746,398</u>	<u>\$ 3,367,199</u>	<u>\$ 3,159,877</u>	<u>\$ 2,950,588</u>

**CITY OF PALOS HILLS, ILLINOIS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues:										
Property taxes	\$ 2,543,951	\$ 2,397,445	\$ 2,408,205	\$ 2,224,155	\$ 2,235,721	\$ 2,143,450	\$ 2,170,247	\$ 2,124,377	\$ 2,077,927	\$ 2,065,403
Utility taxes	1,005,480	1,113,579	1,053,542	917,859	935,003	1,005,258	1,023,765	1,046,362	1,029,936	1,124,236
Licenses, permits and fees	2,184,360	2,301,921	2,220,705	2,082,391	2,116,046	2,323,770	2,053,634	1,742,763	1,729,860	1,848,050
Intergovernmental	6,995,837	8,280,939	8,518,132	6,301,800	4,175,293	3,843,075	3,986,500	3,285,492	3,879,500	3,719,209
Intragovernmental	300,000	300,000	300,000	450,000	260,000	260,000	260,000	260,000	260,000	260,000
Fines and forfeitures	876,543	761,794	814,113	802,086	716,237	1,046,739	1,033,215	764,221	896,752	754,660
Rental income	9,886	11,181	-	-	-	-	-	-	-	-
Interest income	188,717	73,625	2,178	16,681	108,095	22,481	9,716	6,915	5,987	3,636
Miscellaneous income	250,857	195,487	242,824	154,169	267,157	166,859	64,743	85,803	188,241	93,674
Total Revenues	14,355,631	15,435,971	15,559,699	12,949,141	10,813,552	10,811,632	10,601,820	9,315,933	10,068,203	9,868,868
Expenditures:										
Current:										
General government	2,307,657	2,439,324	2,411,573	2,170,153	1,928,618	1,974,214	1,881,088	1,794,250	1,806,742	1,725,430
Parks	580,597	590,121	583,347	298,214	712,278	629,564	613,288	569,875	534,901	592,859
Public safety	6,954,628	6,446,467	6,319,876	5,829,813	5,690,857	5,592,703	5,403,606	5,317,502	4,966,921	4,994,688
Public works	2,630,630	2,113,584	1,898,994	1,602,077	1,058,539	1,883,441	843,018	928,976	996,744	871,196
Debt service:										
Principal retirement	368,658	497,305	535,733	524,563	540,941	820,000	919,457	878,392	842,425	700,000
Interest and fees	223,772	237,412	253,059	264,213	194,048	56,755	94,891	131,130	165,894	175,242
Debt issuance costs	-	-	-	-	-	194,750	-	-	-	-
Capital outlay	2,077,930	1,472,444	1,454,292	3,687,555	7,045,279	1,130,471	395,180	130,649	154,015	677,463
Total Expenditures	15,143,872	13,796,657	13,456,874	14,376,588	17,170,560	12,281,898	10,150,528	9,750,774	9,467,642	9,736,878
Excess (Deficiency) of Revenues Over Expenditures	(788,241)	1,639,314	2,102,825	(1,427,447)	(6,357,008)	(1,470,266)	451,292	(434,841)	600,561	131,990
Other financing sources (uses):										
Debt certificates issued	-	-	-	-	-	6,145,000	-	-	-	-
Premium on debt certificates issued	-	-	-	-	-	455,003	-	-	-	-
Leases	13,775	-	-	-	-	-	-	-	-	-
Installment contracts	-	382,320	-	241,751	52,145	304,439	-	-	29,047	341,227
Proceeds from sale of capital assets	19,090	-	-	20,450	-	57,700	-	-	-	-
Transfers in	644,803	832,835	760,971	2,248,963	555,954	318,729	93,452	92,621	91,808	94,223
Transfers out	(494,803)	(314,785)	(2,861,881)	-	(321,877)	-	(11,303)	(10,485)	(9,874)	(12,645)
Total Other Financing Sources (Uses)	182,865	900,370	(2,100,910)	2,511,164	286,222	7,280,871	82,149	82,136	110,981	422,805
Net Change in Fund Balances	\$ (605,376)	\$ 2,539,684	\$ 1,915	\$ 1,083,717	\$ (6,070,786)	\$ 5,810,605	\$ 533,441	\$ (352,705)	\$ 711,542	\$ 554,795
Debt service as a percentage of non-capital expenditures	4.059%	5.497%	6.507%	7.222%	6.654%	7.397%	10.056%	10.436%	10.801%	9.499%

**CITY OF PALOS HILLS, ILLINOIS****ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY****LAST TEN LEVY YEARS**


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<b>Levy Year</b>	<b>Real Property (2)</b>	<b>Less Tax-exempt Property</b>	<b>Total Taxable Assessed Value (1)</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>
2023	\$ 617,553,533	\$ 98,014,149	\$ 519,539,384	0.495%	\$ 1,558,618,152
2022	440,758,345	81,601,564	359,156,781	0.706%	1,077,470,343
2021	452,549,201	88,657,800	363,891,401	0.676%	1,091,674,203
2020	486,454,689	92,004,908	394,449,781	0.606%	1,183,349,343
2019	441,081,575	87,528,542	353,553,033	0.660%	1,060,659,099
2018	442,180,027	85,864,072	356,315,955	0.639%	1,070,017,883
2017	456,791,523	86,479,900	370,311,623	0.600%	1,112,046,916
2016	375,268,622	55,449,337	319,819,285	0.680%	960,418,273
2015	360,643,755	52,914,906	307,728,849	0.698%	924,110,658
2014	369,957,959	54,883,243	315,074,716	0.675%	946,170,318

(1) The Total Taxable Assessed Value is 33.3% of the Estimated Actual Taxable Value.

(2) Includes only real property; personal property is not taxed in Illinois.

Data Source: Cook County, Illinois Tax Extension Division

# CITY OF PALOS HILLS, ILLINOIS

## PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

### LAST TEN TAX LEVY YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City of Palos Hills:										
Corporate	0.1774	0.2570	0.2500	0.2260	0.2460	0.2380	0.2240	0.2530	0.2600	0.2500
Police pension	0.1263	0.1745	0.1690	0.1530	0.1660	0.1610	0.1520	0.1720	0.1760	0.1700
I.M.R.F.	0.0258	0.0373	0.0360	0.0330	0.0360	0.0350	0.0320	0.0370	0.0380	0.0370
Street and bridge	0.0051	0.0074	0.0070	0.0070	0.0070	0.0070	0.0070	0.0070	0.0080	0.0090
Police protection	0.0448	0.0621	0.0600	0.0550	0.0590	0.0580	0.0540	0.0610	0.0630	0.0610
Social Security	0.0225	0.0312	0.0300	0.0270	0.0300	0.0290	0.0270	0.0310	0.0310	0.0300
Auditing	0.0098	0.0142	0.0140	0.0120	0.0140	0.0130	0.0120	0.0140	0.0150	0.0140
Liability insurance	0.0758	0.1097	0.1010	0.0910	0.1000	0.0960	0.0910	0.1030	0.1050	0.1020
Crossing guards	0.0013	0.0018	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020
Levy adjustment PA 102-0519	0.0062	0.0109	0.0070	-	-	-	-	-	-	-
Total City of Palos Hills	0.4950	0.7061	0.6760	0.6060	0.6600	0.6390	0.6010	0.6800	0.6980	0.6750
Overlapping rates:										
School District #117	4.1580	5.5650	5.2610	4.8540	5.4520	5.3610	4.9820	5.6790	5.8530	5.6140
School District #118	2.8680	3.7230	3.1470	2.7940	2.9880	2.8820	2.7140	3.1060	3.2120	3.1330
School District #127	4.5290	5.7060	5.4230	4.8410	5.8680	6.2680	5.9150	-	-	-
North Palos Fire Protection District	1.1010	1.4780	1.3770	1.2200	1.3200	1.1060	1.0320	1.1610	1.1980	1.1340
Green Hills Public Library District	0.3550	0.4720	0.4380	0.3890	0.4310	0.4000	0.4150	0.4710	0.4860	0.4690
Worth Park District	0.6310	0.4910	0.4610	0.4060	0.4860	0.4740	0.4450	-	-	-
Hickory Hills Park District	0.3540	0.4480	0.4120	0.3620	0.4180	0.4090	0.3740	-	-	-
Moraine Valley Community College District 524	0.3340	0.4250	0.3940	0.3510	0.3930	0.3840	0.3650	0.4060	0.4190	0.4030
Consolidated High School #230	2.1680	2.7810	2.5700	2.2950	2.4880	2.4250	2.2870	2.7780	2.8790	2.7700
South Cook County Mosquito Abatement District	0.0170	0.0210	0.0190	0.0170	0.0180	0.0170	0.0160	0.0170	0.0170	0.0170
Metropolitan Water Reclamation District	0.3450	0.3740	0.3820	0.3780	0.3890	0.3960	0.4020	0.4060	0.4260	0.4300
General Assistance Palos	0.0070	0.0090	0.0080	0.0070	0.0100	0.0090	0.0080	0.0080	0.0080	0.0070
Road and Bridge Palos	0.0460	0.0600	0.0550	0.0490	0.0530	0.0510	0.0470	0.0540	0.0550	0.0520
Town of Palos	0.0610	0.0780	0.0720	0.0620	0.0670	0.0640	0.0600	0.0680	0.0700	0.0660
Consolidated Elections	0.0320	-	0.0190	-	0.0300	-	0.0310	-	0.0340	-
Forest Preserve District of Cook County	0.0750	0.0810	0.0580	0.0580	0.0590	0.0600	0.0620	0.0630	0.0690	0.0690
County of Cook	0.3860	0.4310	0.4460	0.4530	0.4540	0.4890	0.4960	0.5330	0.5520	0.2960
Cook County Health Facilities	-	-	-	-	-	-	-	0.8700	-	0.0310
Cook County Public Safety	-	-	-	-	-	-	-	0.1300	-	0.2410
Total Direct and Overlapping Tax Rate per \$100 of Assessed Valuation	17.9620	22.8491	21.2180	19.1420	21.5840	21.4340	20.2520	16.4300	15.9760	15.4070

Overlapping rates are those of local and county governments that apply to property owners within the City of Palos Hills.

Not all overlapping rates apply to all City of Palos Hills property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

Source: Cook County, Illinois Tax Extension Division

**CITY OF PALOS HILLS, ILLINOIS**  
**PRINCIPAL PROPERTY TAXPAYERS**

APRIL 30, 2024

Taxpayer	Type of Business	2023		% of Total Equalized Assessed Valuation	2014		% of Total Equalized Assessed Valuation
		Equalized Assessed Valuation	Rank		Equalized Assessed Valuation	Rank	
Palos Hills Extended	Special commercial structure	\$ 8,721,603	1	1.68			
Green Oaks Investments	Two or three story building	5,894,152	2	1.13	3,724,299	1	1.13
Omar N. Najib	Commercial properties,	4,512,318	3	0.87	1,486,549	6	0.45
R&D Management	retail stores, apartments	4,040,057	4	0.78	3,279,148	2	1.00
	Industrial properties						
	Parcels of vacant land, two						
Palos Hills Realty LLC	or three story - retail	3,601,755	5	0.69	1,454,068	7	0.44
Anthony Dinovella	Shopping center	2,252,283	6	0.43	1,856,746	5	0.57
8055 West 103 LLC	Special commercial structure	1,984,924	7	0.38			
11001 Southwest Hwy LLC	Special commercial structure	1,809,780	8	0.35			
	Gas stations and commercial						
Nick Kontos	buildings	1,742,386	9	0.34	1,331,039	9	0.41
Rustic Woods Partners	Special commercial structure	1,609,445	10	0.31			
	Two-Three Story Retail and						
Palos Hills Extended	Commercial Buildings				2,842,329	3	0.87
City of Palos Hills	Vacant Land				2,590,623	4	0.79
Argem, LLC	One story store				1,388,011	8	0.42
Weller Truck Co.	One story stores				1,139,717	10	0.35
Totals		<u>\$ 36,168,703</u>		<u>6.96</u>	<u>\$ 21,092,529</u>		<u>6.43</u>

Source: Cook County – 2023 and 2014 Real Estate Files

**CITY OF PALOS HILLS, ILLINOIS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**

*LAST TEN FISCAL YEARS*

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Fiscal Year Ended April 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2024	\$ 2,571,720	\$ 1,267,664	49.29%	\$ -	\$ 1,267,664	49.29%
2023	2,535,647	1,225,597	48.33	1,236,926	2,462,523	97.12
2022	2,463,057	1,231,166	49.99	1,176,170	2,407,336	96.71
2021	2,387,207	1,071,040	44.87	1,246,384	2,317,424	97.07
2020	2,328,496	1,164,003	49.99	1,100,024	2,264,027	97.23
2019	2,275,428	1,129,413	49.64	1,075,943	2,205,356	96.92
2018	2,225,567	1,113,470	50.03	1,008,920	2,122,390	95.36
2017	2,172,848	1,055,944	48.60	1,025,904	2,081,848	95.81
2016	2,146,095	1,059,793	49.38	1,022,619	2,082,412	97.03
2015	2,124,861	1,049,872	49.41	972,872	2,022,744	95.19

**CITY OF PALOS HILLS, ILLINOIS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**

APRIL 30, 2024

Fiscal Year Ended April 30	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Debt Certificates	Installment	Lease Payable	Installment	Leases Payable			
		Contracts		Contracts				
		Payable		Payable				
2024	\$ 5,288,593	\$ 332,317	\$ 28,179	\$ 616,597	\$ 20,758	\$ 6,286,444	0.92	\$ 339
2023	5,550,773	453,377	22,002	164,099	19,470	6,209,721	0.96	335
2022	5,967,953	167,098	-	205,667	-	6,340,718	0.99	342
2021	6,365,132	327,831	-	260,192	-	6,953,155	1.18	375
2020	6,747,312	250,643	-	333,174	-	7,331,129	1.26	418
2019	7,204,462	304,439	-	407,968	-	7,916,869	1.37	451
2018	1,429,372	-	-	117,986	-	1,547,358	0.27	89
2017	2,224,726	129,457	-	174,089	-	2,528,272	0.45	145
2016	2,985,077	252,849	-	269,138	-	3,507,064	0.64	199
2015	3,715,428	341,227	-	179,932	-	4,236,587	0.77	240

Note: Details regarding the City's outstanding debt can be found in the notes to basic financial statements.

Note: The City adopted GASB 87 during the fiscal year ended April 30, 2023. Prior years are not restated to reflect retrospective adoption of GASB 87.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

**CITY OF PALOS HILLS, ILLINOIS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

APRIL 30, 2024

Overlapping Agencies	2023 Equalized Assessed Valuation *	Outstanding Debt	Applicable to City	
			Percent *	Amount
Cook County	\$199,159,851,455	\$ 2,093,131,750	0.261	\$ 5,463,074
Cook County Forest Preserve	199,159,851,455	87,340,000	0.261	227,957
Metropolitan Water Reclamation District	195,688,303,770	2,517,556,218	(1) 0.265	6,671,524
Park Districts:				
Hickory Hills Park District	498,022,292	1,675,000	(2) 0.038	637
Worth Park District	252,892,460	150,000	0.441	662
Schools:				
School District #117	885,221,688	12,340,000	39.061	4,820,127
School District #118	1,083,121,828	3,945,000	16.041	632,817
School District #127	242,618,711	207,556	(3) 0.005	10
High School District #230	6,537,373,690	28,875,000	7.947	2,294,696
Community College District #524	14,107,071,337	23,165,000	(2) 3.683	853,167
Total overlapping debt				20,964,671
Direct debt:				
City of Palos Hills	519,539,384	5,649,089		5,649,089
Total direct and overlapping debt				<u>\$ 26,613,760</u>

(1) Includes IEPA Revolving Loan Fund Bonds.

(2) Excludes principal amounts of outstanding General Obligation Alternate Revenue Source Bonds which are expected to be paid from sources other than general taxation.

(3) Includes original principal amounts of outstanding General Obligation Capital Appreciation Bonds.

The percentage of overlapping debt applicable to the City is estimated using equalized assessed values. Applicable percentages were estimated by determining the portion of the equalized assessed valuation of each overlapping entity located within the City's boundaries to the total equalized assessed valuation of the overlapping entity.

Source: Cook County Clerk's Office

**CITY OF PALOS HILLS, ILLINOIS**  
**LEGAL DEBT MARGIN INFORMATION**

*LAST TEN FISCAL YEARS*

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Debt limit	\$ 44,810,272	\$ 31,385,633	\$ 31,385,633	\$ 34,021,294	\$ 30,493,949	\$ 30,732,251	\$ 31,939,377	\$ 27,584,413	\$ 26,541,613	\$ 27,175,194
Total net debt applicable to limit	6,286,444	6,209,721	6,340,718	6,953,155	7,331,129	7,916,869	1,552,926	2,528,546	3,507,064	4,226,159
Legal debt margin	<u>\$ 38,523,828</u>	<u>\$ 25,175,912</u>	<u>\$ 25,044,915</u>	<u>\$ 27,068,139</u>	<u>\$ 23,162,820</u>	<u>\$ 22,815,382</u>	<u>\$ 30,386,451</u>	<u>\$ 25,055,867</u>	<u>\$ 23,034,549</u>	<u>\$ 22,949,035</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>14.03%</u>	<u>19.79%</u>	<u>20.20%</u>	<u>20.44%</u>	<u>24.04%</u>	<u>25.76%</u>	<u>4.86%</u>	<u>9.17%</u>	<u>13.21%</u>	<u>15.55%</u>

Equalized assessed valuation of taxable property (2023 levy; the most recent information available)

\$ 519,539,384

Legal applicable rate

0.08625

Legal applicable limit

44,810,272

Less: Debt certificates

(5,288,593)

Less: Installment contracts

(948,914)

Less: Leases payable

(48,937)

Legal debt margin

\$ 38,523,828

Note: Debt limit ceiling is established by the Illinois General Assembly and promulgated in the current edition of the Illinois Compiled Statutes.

Source: Equalized Assessed Valuation of Taxable Property from Cook County, Illinois Tax Extension Division.

**CITY OF PALOS HILLS, ILLINOIS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**

*LAST TEN FISCAL YEARS*

Fiscal Year	Population (1)	Personal Income (in thousands)	Per Capita Income (1)	Metro Area Unemployment Rate	Median Age (1)	Education Level Age 25 and Older		Enrollment (2)
						Four Years of High School	One Year or More of College	
2024	18,530	725,700	36,985	5.00%	46.7	4,105	7,916	4,336
2023	18,530	643,640	34,564	7.00	44.6	3,765	7,731	2,793
2022	18,530	643,640	34,564	8.40	44.6	3,765	7,731	4,706
2021	18,530	591,040	31,884	8.40	40.8	4,334	7,007	4,626
2020	17,540	579,560	30,243	15.20	42.3	4,383	7,138	4,974
2019	17,545	579,560	33,033	3.70	41.0	4,385	7,200	4,142
2018	17,410	573,350	32,932	4.40	42.3	3,791	6,263	4,261
2017	17,484	556,000	30,279	4.30	42.3	3,791	6,263	5,729
2016	17,652	548,000	29,785	5.80	45.3	3,791	6,263	5,610
2015	17,627	548,000	31,089	6.10	44.8	3,857	3,577	5,658

Data Sources:

(1) Derived from the U.S. Census Bureau (most recent data). All other amounts are estimates prepared by the City, Northern Illinois Planning Commission, and the Illinois Department of Employment Security.

(2) School District 117 Administration Offices.

**CITY OF PALOS HILLS, ILLINOIS**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT**  
**EMPLOYEES BY FUNCTION**

*LAST TEN FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Function:										
Public safety - Police:										
Officers	29	31	29	31	31	30	31	31	31	31
Civilians	11	11	11	12	13	10	8	6	3	3
Public works	22	22	22	21	20	20	19	19	18	18
Culture and recreation:										
Resource and recreation	4	4	4	4	5	5	5	5	5	5
Golf	1	1	1	1	1	1	1	1	1	1
General government	3	5	4	5	5	6	6	6	6	6
Total	70	74	71	74	75	72	70	68	64	64

Source: Internal City records.

# CITY OF PALOS HILLS, ILLINOIS

## OPERATING INDICATORS AND CAPITAL ASSET STATISTICS BY FUNCTION

### LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Function:										
Public safety:										
Police department:										
Arrests	194	207	257	198	237	360	355	388	453	544
Traffic violations	2,334	1,640	1,758	1,435	2,170	3,457	3,464	4,189	4,732	4,498
Parking violations	1,064	1,418	1,516	2,444	3,098	3,882	4,019	4,013	3,732	2,955
Public works:										
Streets resurfaced (in miles)	1	3	3	3	-	5	-	-	-	-
Building and community development:										
Building permits issued:										
Commercial	-	-	2	-	-	-	1	-	-	1
Single units	5	6	2	-	6	6	5	2	7	7
Multiple unit	-	4	-	-	-	-	-	-	1	-
Building value	\$ 1,595,000	\$ 5,900,000	\$ 2,705,000	\$ 2,473,900	\$ 1,715,000	\$ 2,049,000	\$ 1,405,000	\$ 510,000	\$ 2,255,000	\$ 17,871,500
Number of dwelling units	7,976	7,972	7,951	7,953	7,946	7,944	7,942	7,937	7,935	7,934
Number of registered voters	11,729	11,729	11,571	12,498	11,296	11,209	11,047	11,428	14,718	14,718
Education - public - June enrollment	4,336	2,793	4,706	4,626	4,974	4,142	4,261	5,729	5,610	5,658
Waterworks and sewerage:										
Number of properties served by the combined waterworks and sewerage system	6,322	6,310	6,310	6,308	6,305	6,302	6,295	6,290	6,390	6,387
Number of metered customers served by the combined waterworks and sewerage system	7,712	7,699	7,699	7,695	7,692	7,689	7,682	7,672	7,814	7,811
Number of metered customers served by the waterworks system only	212	212	212	212	212	212	212	212	212	212
Number of unmetered customers served by the combined waterworks and sewerage system	1	1	1	1	1	1	1	1	1	1
Water main breaks	62	65	72	75	70	80	87	85	69	80
Average daily consumption (in 000's)	1,180	1,180	1,180	1,180	1,180	1,184	1,184	1,172	1,164	1,216
Gallons per customer	142	142	142	142	142	143	143	150	149	154
Gallons per capita	68	68	68	68	68	68	68	67	66	70
Total gallons purchased and pumped by the City (in 000's)	483,000	482,000	487,000	500,196	482,491	508,253	494,659	489,679	490,634	554,928
Total gallons billed (in 000's)	406,000	412,000	424,000	435,156	423,367	425,356	432,309	459,105	425,192	443,776
Function:										
Public safety - Police department:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	29	29	29	31	31	29	28	28	28	28
Public works:										
Miles of streets	72	72	72	72	72	72	72	72	72	72
Number of street lights	416	416	416	416	416	416	435	433	433	432
Number of street and traffic control lights	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020
Waterworks and sewerage:										
Miles of water mains	67	67	67	67	67	67	67	67	67	67
Fire hydrants	872	871	871	873	871	871	871	871	871	871
Sanitary and combined sewers (miles)	55	55	55	55	55	55	55	55	55	55
Storm sewers (miles)	90	90	90	90	90	90	90	90	90	90
Public retention/detention basins	54	54	54	54	54	54	54	54	54	54

Source: Internal City records.

## **OTHER INFORMATION SECTION**

**CITY OF PALOS HILLS, ILLINOIS**  
**GOVERNMENT-WIDE REVENUES**

*LAST TEN FISCAL YEARS*

Fiscal Year	Program Revenues		General Revenues				
	Charges for Services	Operating / Capital Grants and Contributions	Property Taxes	Utility Taxes	Inter- governmental	Other	Total
2024	\$ 9,673,004	\$ 1,506,728	\$ 2,543,951	\$ 1,005,480	\$ 5,489,109	\$ 1,762,671	\$ 21,980,943
2023	9,352,208	2,982,590	2,397,445	1,113,579	5,298,349	1,496,560	22,640,731
2022	9,142,534	3,407,071	2,408,205	1,053,542	5,111,061	1,407,571	22,529,984
2021	8,902,707	2,362,592	2,224,155	917,859	3,939,208	1,422,013	19,768,534
2020	8,333,756	848,154	2,235,721	935,003	3,327,139	1,579,780	17,259,553
2019	8,963,433	517,712	2,143,450	1,005,258	3,325,363	1,382,037	17,337,253
2018	8,732,824	716,864	2,170,247	1,023,765	3,035,299	1,166,038	16,845,037
2017	8,093,409	541,057	2,124,377	1,046,362	2,978,772	973,161	15,757,138
2016	7,990,941	531,380	2,077,927	1,029,936	3,034,709	1,084,045	15,748,938
2015	7,612,589	-	2,065,403	1,124,236	3,768,359	987,890	15,558,477

Source: City's Annual Financial Reports.

**CITY OF PALOS HILLS, ILLINOIS**  
**GOVERNMENT-WIDE EXPENSES BY FUNCTION**

*LAST TEN FISCAL YEARS*

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<b>Fiscal Year</b>	<b>General Government</b>	<b>Parks</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Interest on Long-term Debt</b>	<b>Waterworks and Sewerage</b>	<b>Golf Course</b>	<b>Total</b>
2024	\$ 2,694,809	\$ 1,427,800	\$ 9,919,277	\$ 2,687,148	\$ 204,449	\$ 6,660,656	\$ 353,290	\$23,947,429
2023	2,537,876	703,098	9,629,212	2,905,277	233,824	6,373,121	339,976	22,722,384
2022	1,869,932	686,645	8,966,255	1,960,589	239,555	5,563,983	278,965	19,565,924
2021	2,149,991	387,352	9,480,593	1,776,766	271,549	6,389,405	282,649	20,738,305
2020	2,472,062	633,578	11,696,150	1,974,010	253,763	5,881,283	235,797	23,146,643
2019	2,358,272	704,778	6,897,450	2,561,447	74,701	5,859,602	354,955	18,811,205
2018	2,150,907	654,963	6,829,394	1,060,536	69,756	5,651,677	357,180	16,774,413
2017	2,010,117	610,700	6,779,937	959,427	125,383	5,276,906	360,182	16,122,652
2016	2,270,763	583,360	6,169,070	1,003,154	35,544	5,365,987	379,533	15,807,411
2015	2,018,083	641,454	5,598,785	899,488	169,551	5,097,599	356,389	14,781,349

Source: City's Annual Financial Reports.

**CITY OF PALOS HILLS, ILLINOIS**  
**GENERAL GOVERNMENT REVENUES BY SOURCE (1)**

*LAST TEN FISCAL YEARS*

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<b>Fiscal Year</b>	<b>All Taxes (2)</b>	<b>Licenses, Permits and Fees</b>	<b>Intergov- ernmental</b>	<b>Intragov- ernmental</b>	<b>Fines and Forfeitures</b>	<b>Other</b>	<b>Total</b>
2024	\$ 3,549,431	\$ 2,184,360	\$ 6,995,837	\$ 300,000	\$ 876,543	\$ 449,460	\$ 14,355,631
2023	3,511,024	2,301,921	8,280,939	300,000	761,794	280,293	15,435,971
2022	3,461,747	2,220,705	8,518,132	300,000	814,113	245,002	15,559,699
2021	3,142,014	2,082,391	6,301,800	450,000	802,086	170,850	12,949,141
2020	3,170,724	2,116,046	4,175,293	260,000	716,237	375,252	10,813,552
2019	3,148,708	2,323,770	3,843,075	260,000	1,046,739	189,340	10,811,632
2018	3,194,012	2,053,634	3,986,500	260,000	1,033,215	74,459	10,601,820
2017	3,170,739	1,742,763	3,285,492	260,000	764,221	92,718	9,315,933
2016	3,107,863	1,729,860	3,879,500	260,000	896,752	194,228	10,068,203
2015	3,189,639	1,848,050	3,719,209	260,000	754,660	97,310	9,868,868

(1) Includes General, Special Revenue and Capital Projects Funds.

(2) Includes property taxes and utility taxes.

Source: City's Annual Financial Reports.

**CITY OF PALOS HILLS, ILLINOIS**  
**GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)**

*LAST TEN FISCAL YEARS*

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<b>Fiscal Year</b>	<b>General Government</b>	<b>Parks</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Debt Services</b>	<b>Capital Outlay</b>	<b>Total</b>
2024	\$ 2,307,657	\$ 580,597	\$ 6,954,628	\$ 2,630,630	\$ 592,430	\$ 2,077,930	\$ 15,143,872
2023	2,439,324	590,121	6,446,467	2,113,584	734,717	1,472,444	13,796,657
2022	2,411,573	583,347	6,319,876	1,898,994	788,792	1,454,292	13,456,874
2021	2,170,153	298,214	5,829,813	1,602,077	788,776	3,687,555	14,376,588
2020	1,928,618	712,278	5,690,857	1,058,539	734,989	7,045,279	17,170,560
2019	1,974,214	629,564	5,592,703	1,883,441	1,071,505	826,032	11,977,459
2018	1,881,088	613,288	5,403,606	843,018	1,014,348	395,180	10,150,528
2017	1,794,250	569,875	5,317,502	928,976	1,009,522	130,649	9,750,774
2016	1,806,742	534,901	4,966,921	996,744	1,008,319	154,015	9,467,642
2015	1,725,430	592,859	4,994,688	871,196	875,242	677,463	9,736,878

(1) Includes General, Special Revenue and Capital Projects Funds.

Source: City's Annual Financial Reports.

# CITY OF PALOS HILLS, ILLINOIS

## TABLE OF INSURANCE COVERAGE

APRIL 30, 2024

<u>Type of Coverage</u>	<u>Insurance Carrier</u>	<u>Amount of Coverage</u>
General & Automobile liability includes Law Enforcement liability	IMLRMA - Great American Insurance Company and NLC Mutual	\$8,000,000 each occurrence
Employment Practices - Per Injury	IMLRMA - Great American Insurance Company and NLC Mutual	\$8,000,000 each occurrence
Public Officials Liability	IMLRMA - Great American Insurance Company and NLC Mutual	\$8,000,000 each occurrence
Liquor Liability	IMLRMA - Great American Insurance Company	\$1,000,000 each occurrence
Uninsured/Underinsured motorist	IMLRMA - Great American Insurance Company and NLC Mutual	\$100,000 each person \$300,000 each accident
Property - includes auto physical damage; bldg & personal property & inland marine	IMLRMA - Great American Insurance Company and NLC Mutual	\$30,000,000 any location Each occurrence
Crime	IMLRMA - Great American Insurance Company	\$100,000 each occurrence
Workers Compensation	IMLRMA - Safety National and NLC Mutual	Statutory Limits
Bonds	IMLRMA- Great American Insurance Company	Mayor - \$100,000  Treasurer - \$100,000 Clerk - \$100,000 Deputy Clerk - \$100,000 City Collector - \$100,000 Administrative Office Manager- \$100,000 Court/Clerk - \$5,000
Boiler & Machinery	Travelers Ins. Co.	\$28,224,415
Information Security Protection (Cyber Security)	Tokio Marine	\$250,000 per claim/aggregate \$150,000 cyber extortion \$100,000 cyber crime

## **COMPLIANCE SECTION**

**Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards***

To the Honorable Members of the City Council  
City of Palos Hills,  
Palos Hills, 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 City of Palos Hills, Illinois (the "City"), as of and for the year ended April 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City, and have issued our report thereon dated December 9, 2024.

**Report on Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cherry Bekaert LLP*

Orland Park, Illinois  
December 9, 2024