

**CITY OF PALOS HILLS, ILLINOIS**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

*As of and for the Year Ended April 30, 2025*

*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-x**

**MANAGEMENT'S DISCUSSION AND ANALYSIS ..... xi-xvii**

**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 ..... 15-45

**REQUIRED SUPPLEMENTARY INFORMATION**

Employee Retirement and Postemployment Benefit Plan Information:  
Police Pension Plan ..... 46-47  
Illinois Municipal Retirement Fund..... 48-49  
Retiree Health Care Plan..... 50

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

---

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

Major Governmental Funds:

General Fund:

Balance Sheet.....	51
Schedule of Revenues, Expenditures, and Change in Fund Balances - Budget and Actual.....	52
Schedule of Expenditures - Budget and Actual.....	53-55

Capital Projects Fund:

Balance Sheet.....	56
Schedule of Revenues, Expenditures, and Change in Fund Balances.....	57

Motor Fuel Tax Fund:

Balance Sheet.....	58
Schedule of Revenues, Expenditures, and Change in Fund Balances.....	59

Major Proprietary Funds:

Waterworks and Sewerage Fund:

Statement of Net Position.....	60-61
Schedule of Revenues, Expenses, and Change in Net Position - Budget and Actual.....	62-63
Schedule of Operating Expenses - Budget and Actual.....	64-65
Statement of Cash Flows.....	66-67

Golf Course Fund:

Statement of Net Position.....	68
Schedule of Revenues, Expenses, and Change in Net Position - Budget and Actual.....	69
Schedule of Operating Expenses - Budget and Actual.....	70-71
Statement of Cash Flows.....	72-73

Nonmajor Governmental Funds:

Combining Balance Sheet - Nonmajor Governmental Funds.....	74
Combining Statement of Revenues, Expenditures, and Change in Fund Balances - Nonmajor Governmental Funds.....	75

Special Revenue Fund:

DEA / Customs Revenue Fund:

Balance Sheet.....	76
Schedule of Revenues, Expenditures, and Change in Fund Balances.....	77

Capital Projects Fund:

Park Development Fund:

Balance Sheet.....	78
Schedule of Revenues, Expenditures, and Change in Fund Balances.....	79

Fiduciary Fund:

Pension Trust Fund:

Police Pension Fund:

Statement of Fiduciary Net Position.....	80
Statement of Change in Fiduciary Net Position.....	81

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

By Source.....	82
By Function and Activity.....	83
Changes by Function and Activity.....	84

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

---

**STATISTICAL SECTION**

Statistical Section ..... 85  
 Net Position by Component ..... 86  
 Changes in Net Position ..... 87-88  
 General Government Tax Revenues by Source ..... 89  
 Fund Balances of Governmental Funds ..... 90  
 Changes in Fund Balances of Governmental Funds ..... 91  
 Assessed Value and Estimated Actual Value of Taxable Property ..... 92  
 Property Tax Rates - Direct and Overlapping Governments ..... 93  
 Principal Property Taxpayers ..... 94  
 Property Tax Levies and Collections ..... 95  
 Ratios of Outstanding Debt by Type ..... 96  
 Direct and Overlapping Governmental Activities Debt ..... 97  
 Legal Debt Margin Information ..... 98  
 Demographic and Economic Statistics ..... 99  
 Full-time Equivalent City Government Employees by Function ..... 100  
 Operating Indicators and Capital Asset Statistics by Function ..... 101

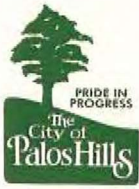
**OTHER INFORMATION SECTION**

Government-wide Revenues ..... 102  
 Government-wide Expenses by Function ..... 103  
 General Government Revenues by Source ..... 104  
 General Government Expenditures by Function ..... 105  
 Table of Insurance Coverage ..... 106

**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* ..... 107-108

## **INTRODUCTORY SECTION**



# CITY OF PALOS HILLS

**GERALD R. BENNETT**  
Mayor

**RUDY A. MULDERINK**  
City Clerk

**KENNETH J. NOLAN**  
City Treasurer

October 27, 2025

## 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, 2025, 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 35<sup>th</sup> 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 2026 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 \$4 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 three years. The City has received over 17 million dollars over the last five years in federal, state, and county grants to support infrastructure and equipment costs.

### **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, 2025, the capital assets of the City amounted to \$25 million dollars. 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 statutes, Cherry Bekaert LLP, of Orland Park, Illinois, conducted an independent audit for fiscal year ending April 30, 2025. 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 2024.

The City of Palos Hills is herewith submitting the enclosed financial report for fiscal year ended April 30, 2025, 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

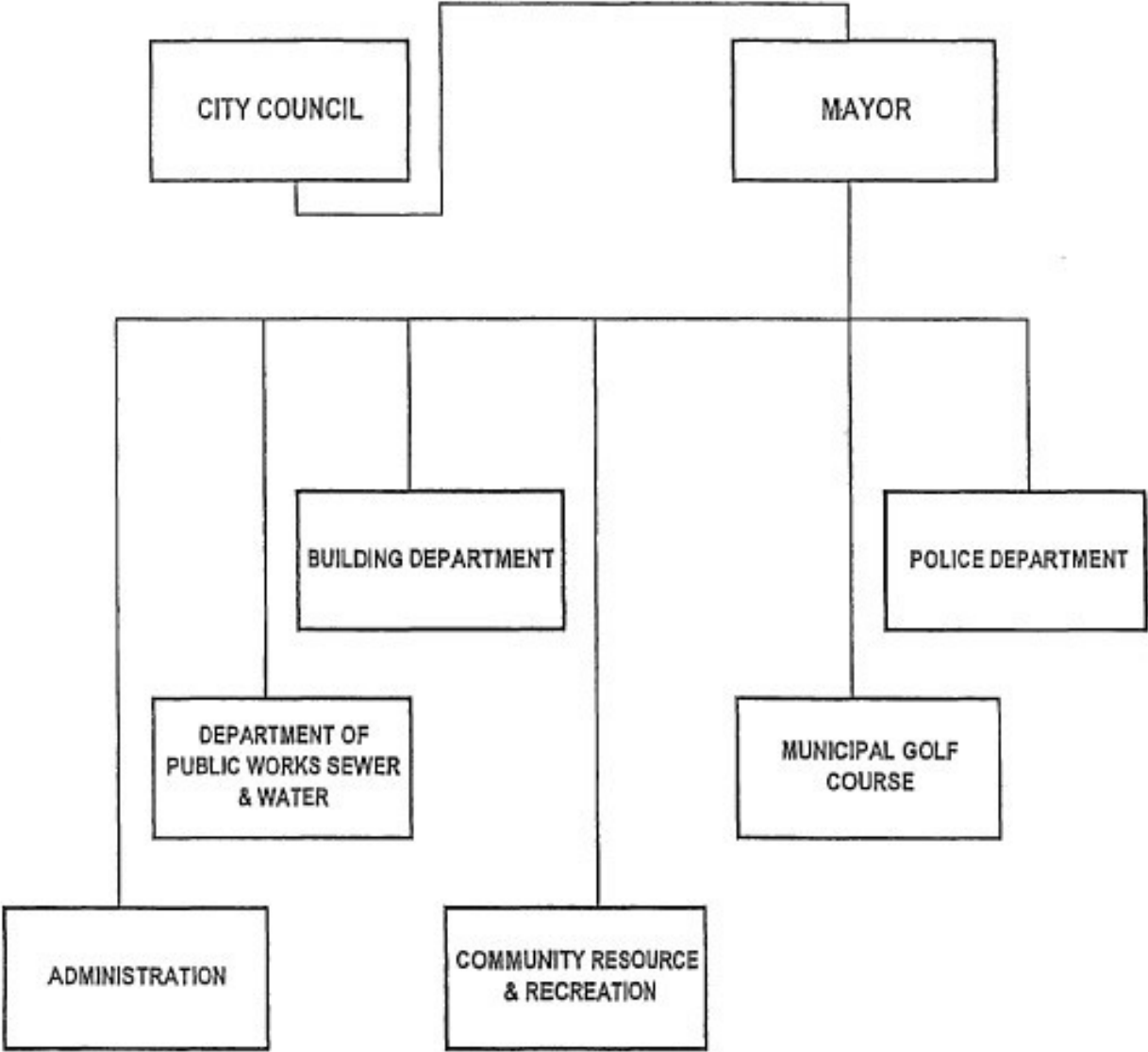
April 30, 2024

*Christopher P. Morrill*

Executive Director/CEO

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

APRIL 30, 2025



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

APRIL 30, 2025

---

MAYOR  
GERALDR BENNETT

ALDERMEN

CLERK  
RUDY A. MULDERINK

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

TREASURER  
KENNETH J. NOLAN

CHIEF OF POLICE  
JEFF CUCIO

SEWER AND WATER COMMISSIONER  
NICK OEFLING

ATTORNEYS  
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, 2025, 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, 2025, 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 required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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.

We also have previously 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, the basic financial statements of the City as of April 30, 2024, and our report dated December 9, 2024 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 contain comparative amounts for the year ended April 30, 2024 which 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, 2024 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 comparative amounts for April 30, 2024 in the 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 October 27, 2025, 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.

*Cherry Bekaert LLP*

Orland Park, Illinois  
October 27, 2025

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

# **CITY OF PALOS HILLS, ILLINOIS**

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

*APRIL 30, 2025*

---

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).

### **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.

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).

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

APRIL 30, 2025

**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, 2024 to April 30, 2025 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, 2024 to April 30, 2025. The decrease relates primarily to a \$6.1 million reduction in the police pension fund based on changes in assumptions and \$2.4 million net investment income on plan assets.

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 liabilities and deferred inflows were approximately equal to the assets and deferred outflows as of April 30, 2025.

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.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Current and other assets	\$ 9.7	\$ 10.6	\$ 4.9	\$ 5.1	\$ 14.6	\$ 15.7
Capital assets	18.0	18.5	7.2	7.3	25.2	25.8
<b>Total Assets</b>	<b>27.7</b>	<b>29.1</b>	<b>12.1</b>	<b>12.4</b>	<b>39.8</b>	<b>41.5</b>
Deferred outflows of resources	6.5	12.0	0.9	1.4	7.4	13.4
Current and other liabilities	0.9	1.1	0.4	0.4	1.3	1.5
Long-term liabilities outstanding	30.0	36.7	1.6	1.8	31.6	38.5
<b>Total liabilities</b>	<b>30.9</b>	<b>37.8</b>	<b>2.0</b>	<b>2.2</b>	<b>32.9</b>	<b>40.0</b>
Deferred inflows of resources	14.0	13.2	0.4	0.5	14.4	13.7
Net position (deficit):						
Net investment in capital assets	12.7	12.8	6.7	6.6	19.4	19.4
Restricted	0.4	0.7	-	-	0.4	0.7
Unrestricted	(23.8)	(23.4)	3.9	4.5	(19.9)	(18.9)
<b>Total Net Position (Deficit)</b>	<b>\$ (10.7)</b>	<b>\$ (9.9)</b>	<b>\$ 10.6</b>	<b>\$ 11.1</b>	<b>\$ (0.1)</b>	<b>\$ 1.2</b>

# CITY OF PALOS HILLS, ILLINOIS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2025

---

The City's combined Net Position, which is the City's equity, decreased by \$1.3 million compared with the prior year. Business-type activities Net Position decreased by \$0.5 million compared with the prior year. Governmental activities Net Position decreased by \$0.8 million for a year-end deficit of \$10.7 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 \$0.8 million decrease in Net Position for the City's governmental activities is mainly due to current year expenses that exceeded annual revenues, primarily in the areas of public safety and public works.

The City's business-type activities Net Position decreased by \$0.3 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, 2025

**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	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 2.1	\$ 2.3	\$ 7.6	\$ 7.5	\$ 9.7	\$ 9.8
Operating grants and contributions	0.7	0.1	-	-	0.7	0.1
Capital grants and contributions	1.2	1.4	-	-	1.2	1.4
General revenues:						
Property taxes	2.5	2.5	-	-	2.5	2.5
Other taxes	6.9	6.5	-	-	6.9	6.5
Other income	1.5	1.5	0.2	0.2	1.7	1.7
<b>Total Revenues</b>	<b>14.9</b>	<b>14.3</b>	<b>7.8</b>	<b>7.7</b>	<b>22.7</b>	<b>22.0</b>
Expenses:						
General government	2.8	2.8	-	-	2.8	2.8
Parks and recreation	1.1	1.4	0.4	0.4	1.5	1.8
Public safety	7.8	9.8	-	-	7.8	9.8
Public works	4.0	2.7	7.7	6.6	11.7	9.3
Interest on long-term debt	0.2	0.2	-	-	0.2	0.2
<b>Total Expenses</b>	<b>15.9</b>	<b>16.9</b>	<b>8.1</b>	<b>7.0</b>	<b>24.0</b>	<b>23.9</b>
Change in net position before transfers	(1.0)	(2.6)	(0.3)	0.7	(1.3)	(1.9)
Transfers	0.2	0.2	(0.2)	(0.2)	-	-
<b>Change in net position</b>	<b>(0.8)</b>	<b>(2.4)</b>	<b>(0.5)</b>	<b>0.5</b>	<b>(1.3)</b>	<b>(1.9)</b>
Net position at beginning of year	(9.9)	(7.5)	11.1	10.6	1.2	3.1
<b>Net position at end of year</b>	<b>\$ (10.7)</b>	<b>\$ (9.9)</b>	<b>\$ 10.6</b>	<b>\$ 11.1</b>	<b>\$ (0.1)</b>	<b>\$ 1.2</b>

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.

# CITY OF PALOS HILLS, ILLINOIS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2025

---

### **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.

*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 increased by \$0.6 million when compared to the prior year amount of \$14.3 million. The increase relates primarily to operating grant and capital grant revenues.

The City's business-type activities total revenues increased by \$0.1 million when compared to the prior year amount of \$7.7 million.

The Police Pension Fund annual money-weighted rate of return was 5.9 percent in 2025 attributable to favorable market conditions. Actuarial assumptions estimate an annual expected rate of return of 6.5 percent for Pension Fund purposes. Benefit payments increased by 0.7 percent in 2025. The increase is attributable to prior year transfers to other pensions, which did not occur in 2025.

### **Expenses:**

The City's total expenses for governmental activities for the year ended April 30, 2025, were \$15.9 million, a decrease of \$1.0 million, compared to \$16.9 million reported as of April 30, 2024.

The City's total expenses for business-type activities for the year ended April 30, 2025, were \$8.1 million. The Waterworks and Sewage activities accounted for the largest share of the total, which was \$7.6 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 94.5% 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, 2025, the governmental funds (as presented on the balance sheet on page 5) reported a combined fund balance of \$7.1 million. Expenditures and other financing uses exceeded revenues and other financing sources in 2025, netting \$0.8 million.

The General Fund experienced a decrease in fund balance of \$0.4 million after other financing sources. This resulted in a year-end fund balance of \$5.2 million. Revenues increased by \$0.7 million, and expenditures increased by \$1.0 million. Intergovernmental tax revenues increased by \$0.8 million over the prior year due to increases in sales taxes and income taxes in the current year. Public safety expenditures increased by \$0.6 million, attributable to pension costs. The City made additional contributions to the Police Pension Fund of \$475,000 in the current year.

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

APRIL 30, 2025

Capital outlay public works expenditures increased by \$0.8 million attributable to infrastructure projects. General Fund total other financing sources were \$0.5 million for the year ended April 30, 2025. The current year other financing sources are attributable to proceeds from sale of capital assets and transfers in, consistent with the prior year.

The Capital Projects Fund current year fund balance of approximately unchanged from the prior year, resulting in a year-end fund balance of \$1.5 million.

The Motor Fuel Tax Fund experienced a current year decrease in fund balance of \$0.2 million, resulting in a year-end fund balance of \$0.4 million. 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, 2025. The following is a table that reflects the original budget and the actual activity for the revenues and expenditures for the General Fund.

	<b>Original and Final Budget 2025</b>	<b>Actual 2025</b>	<b>Original and Final Budget 2024</b>	<b>Actual 2024</b>
<b>Revenues and other financing sources:</b>				
Taxes and intergovernmental	\$ 8.1	\$ 9.9	\$ 7.6	\$ 9.2
Licenses, permits and fees	1.0	1.0	1.0	0.9
Intragovernmental	0.3	0.3	0.3	0.3
Fines and forfeitures	0.9	0.7	0.8	0.9
Other	-	0.4	-	0.4
Other financing sources	-	0.5	-	0.7
Total revenues and other financing sources	10.3	12.8	9.7	12.4
<b>Expenditures and other financing uses:</b>				
General government	2.2	2.3	1.9	2.3
Parks and recreation	0.5	0.7	0.5	0.6
Public safety	6.5	7.6	6.3	7.0
Public works	0.9	1.0	0.8	1.0
Debt service	-	0.5	-	0.5
Capital outlay	0.2	1.1	0.2	0.8
Other financing uses	-	-	-	-
Total expenditures and other financing uses	10.3	13.2	9.7	12.2
Change in fund balance	\$ -	\$ (0.4)	\$ -	\$ 0.2

As shown above the General Fund planned a balanced budget, and actual results were under at \$0.4 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 excess expenditures in public safety and capital outlay. Taxes and intergovernmental revenues were 22% higher than the budgeted amount attributable to increases in State Income Tax and Sales Tax.

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

APRIL 30, 2025

---

**Capital Assets**

At the end of the fiscal year 2025, the City had a combined total of capital assets of \$25.1 million (after accumulated depreciation of \$27.4 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 decreased by \$0.7 million from 2024.

For more detailed information related to capital assets see Note 2 of the Basic Financial Statements.

	<u>Balance</u> <u>April 30, 2024</u>	<u>Net Additions/ Deletions</u>	<u>Balance</u> <u>April 30, 2025</u>
Land	\$ 7.6	\$ -	\$ 7.6
Land improvements	0.7	-	0.7
Buildings and building improvements	10.5	(0.2)	10.3
Water distribution and production facilities	3.7	-	3.7
Machinery and equipment	1.6	(0.2)	1.4
Furniture and fixtures	0.3	-	0.3
Vehicles	1.3	(0.3)	1.0
Infrastructure	0.1	-	0.1
Total	<u>\$ 25.8</u>	<u>\$ (0.7)</u>	<u>\$ 25.1</u>

**Debt Outstanding**

The City has \$4.7 million in debt certificates outstanding at April 30, 2025. In the current year the City paid down \$0.3 million.

The City also has \$0.7 million in installment contracts outstanding at April 30, 2025. 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 2 of the Basic Financial Statements.

**Economic Factors**

The financial condition of the City of Palos Hills is positive with fiscal 2025 revenues increasing and should continue into 2026. 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, 2025

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,695,717	\$ 3,789,866	\$ 10,485,583
Receivables:			
Property taxes	1,232,857	-	1,232,857
Accounts	-	698,004	698,004
Leases	495,814	-	495,814
Other	326,666	-	326,666
Due from other governmental units	1,335,002	-	1,335,002
Internal balances	(333,568)	333,568	-
Prepaid items	-	48,611	48,611
Net pension asset	18,649	19,346	37,995
Capital assets not being depreciated/amortized	5,404,581	2,215,779	7,620,360
Capital assets net of accumulated depreciation/amortization	12,555,529	4,941,522	17,497,051
<b>Total Assets</b>	<b>27,731,247</b>	<b>12,046,696</b>	<b>39,777,943</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	5,927,768	370,819	6,298,587
Deferred outflows of resources related to other postemployment benefits	590,655	519,863	1,110,518
<b>Total Deferred Outflows of Resources</b>	<b>6,518,423</b>	<b>890,682</b>	<b>7,409,105</b>
<b>LIABILITIES</b>			
Accounts payable	505,070	400,869	905,939
Accrued payroll	276,625	25,901	302,526
Accrued interest	70,939	-	70,939
Deposits payable	28,660	795	29,455
Noncurrent liabilities:			
Due within one year	521,574	263,737	785,311
Due in more than one year	29,489,456	1,293,223	30,782,679
<b>Total Liabilities</b>	<b>30,892,324</b>	<b>1,984,525</b>	<b>32,876,849</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes levied for future period	1,382,468	-	1,382,468
Lease related	461,964	-	461,964
Deferred inflows of resources related to pensions	11,875,134	47,510	11,922,644
Deferred inflows of resources related to other postemployment benefits	304,834	334,708	639,542
<b>Total Deferred Inflows of Resources</b>	<b>14,024,400</b>	<b>382,218</b>	<b>14,406,618</b>
<b>NET POSITION</b>			
Net investment in capital assets	12,708,752	6,643,622	19,352,374
Restricted for:			
Street maintenance	372,315	-	372,315
Police protection	78,734	-	78,734
Other restricted items	2,427	-	2,427
Unrestricted (deficit)	(23,829,282)	3,927,013	(19,902,269)
<b>Total Net Position</b>	<b>\$ (10,667,054)</b>	<b>\$ 10,570,635</b>	<b>\$ (96,419)</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, 2025

	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	\$ 2,846,136	\$ 1,057,903	\$ 646,587	\$ -	\$ (1,141,646)	\$ -	\$ (1,141,646)
Parks	1,108,018	337,851	-	-	(770,167)	-	(770,167)
Public safety	7,788,117	688,417	86,540	-	(7,013,160)	-	(7,013,160)
Public works	3,998,447	-	-	1,154,259	(2,844,188)	-	(2,844,188)
Interest on long-term debt	182,196	-	-	-	(182,196)	-	(182,196)
Total Governmental Activities	<u>15,922,914</u>	<u>2,084,171</u>	<u>733,127</u>	<u>1,154,259</u>	<u>(11,951,357)</u>	<u>-</u>	<u>(11,951,357)</u>
Business-type activities:							
Waterworks and sewerage	7,665,434	7,097,286	-	-	-	(568,148)	(568,148)
Golf course	450,768	513,406	-	-	-	62,638	62,638
Total Business-type Activities	<u>8,116,202</u>	<u>7,610,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(505,510)</u>	<u>(505,510)</u>
Total Functions/Programs	<u>\$ 24,039,116</u>	<u>\$ 9,694,863</u>	<u>\$ 733,127</u>	<u>\$ 1,154,259</u>	<u>(11,951,357)</u>	<u>(505,510)</u>	<u>(12,456,867)</u>
General Revenues and Transfers:							
General revenues:							
Taxes:							
Property					2,513,472	-	2,513,472
Utility					1,019,924	-	1,019,924
Intergovernmental - unrestricted:							
State income					3,596,345	-	3,596,345
State sales					1,700,152	-	1,700,152
Local use					535,058	-	535,058
Personal property replacement					31,522	-	31,522
Interest income					220,150	157,153	377,303
Miscellaneous income					1,403,042	-	1,403,042
Transfers					150,000	(150,000)	-
Total General Revenues and Transfers					<u>11,169,665</u>	<u>7,153</u>	<u>11,176,818</u>
Change in net position (deficit)					(781,692)	(498,357)	(1,280,049)
Net position (deficit) at beginning of year					(9,885,362)	11,068,992	1,183,630
Net position (deficit) at end of year					<u>\$ (10,667,054)</u>	<u>\$ 10,570,635</u>	<u>\$ (96,419)</u>

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, 2025

	General	Capital Projects	Motor Fuel Tax	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,214,537	\$ 1,038,926	\$ 243,018	\$ 199,236	\$ 6,695,717
Property taxes receivable	1,232,857	-	-	-	1,232,857
Leases receivable	495,814	-	-	-	495,814
Other receivables	223,444	103,222	-	-	326,666
Due from other funds	100	476,692	124,771	1,413	602,976
Due from other governmental units	1,223,665	-	111,337	-	1,335,002
<b>Total Assets</b>	<b>\$ 8,390,417</b>	<b>\$ 1,618,840</b>	<b>\$ 479,126</b>	<b>\$ 200,649</b>	<b>\$ 10,689,032</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 275,837	\$ 122,422	\$ 106,811	\$ -	\$ 505,070
Accrued payroll	276,625	-	-	-	276,625
Deposits payable	28,660	-	-	-	28,660
Due to other funds	796,432	179	-	139,933	936,544
<b>Total Liabilities</b>	<b>1,377,554</b>	<b>122,601</b>	<b>106,811</b>	<b>139,933</b>	<b>1,746,899</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes levied for future period	1,382,468	-	-	-	1,382,468
Lease related	461,964	-	-	-	461,964
<b>Total Deferred Inflows of Resources</b>	<b>1,844,432</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,844,432</b>
<b>FUND BALANCES</b>					
Nonspendable	33,850	-	-	-	33,850
Restricted	2,427	-	372,315	78,734	453,476
Committed	-	1,496,239	-	-	1,496,239
Assigned	-	-	-	119,835	119,835
Unassigned	5,132,154	-	-	(137,853)	4,994,301
<b>Total Fund Balances</b>	<b>5,168,431</b>	<b>1,496,239</b>	<b>372,315</b>	<b>60,716</b>	<b>7,097,701</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 8,390,417</b>	<b>\$ 1,618,840</b>	<b>\$ 479,126</b>	<b>\$ 200,649</b>	<b>\$ 10,689,032</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, 2025

---

Fund balances - total governmental funds		\$ 7,097,701
--	--	--------------

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		17,960,110
---	--	------------

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		\$ (4,705,000)
Installment contracts payable		(216,871)
Leases		(18,074)
Unamortized issuance premium		(314,588)
Unamortized issuance discount		3,175
Compensated absences payable		(667,975)
Net pension liabilities		(23,205,257)
Total other postemployment benefits liability		<u>(867,791)</u>
Total		(29,992,381)

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.		(70,939)
--	--	----------

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		\$ 5,927,768
Deferred inflows of resources related to pensions		<u>(11,875,134)</u>
Total		(5,947,366)

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		\$ 590,655
Deferred inflows of resources related to OPEB		<u>(304,834)</u>
Total		<u>285,821</u>
Net Position of Governmental Activities		<u><u>\$ (10,667,054)</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, 2025

	General	Capital Projects	Motor Fuel Tax	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 2,513,472	\$ -	\$ -	\$ -	\$ 2,513,472
Utility taxes	1,019,924	-	-	-	1,019,924
Licenses, permits and fees	1,020,502	1,239,517	-	-	2,260,019
Intergovernmental	6,392,732	44,860	1,109,399	232,590	7,779,581
Intragovernmental	300,000	-	-	-	300,000
Fines and forfeitures	679,938	-	-	-	679,938
Rental income	17,591	-	-	-	17,591
Interest income	192,872	24,649	2,483	146	220,150
Miscellaneous income	155,252	-	-	28,000	183,252
<b>Total Revenues</b>	<b>12,292,283</b>	<b>1,309,026</b>	<b>1,111,882</b>	<b>260,736</b>	<b>14,973,927</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	2,268,893	-	-	-	2,268,893
Parks	704,648	-	-	-	704,648
Public safety	7,604,494	-	-	-	7,604,494
Public works	1,033,930	-	1,303,674	-	2,337,604
<b>Capital outlay:</b>					
General government	114,503	-	-	-	114,503
Parks	-	-	-	327,316	327,316
Public safety	122,899	-	-	106,592	229,491
Public works	787,590	973,512	-	-	1,761,102
<b>Debt service:</b>					
Principal retirement	310,648	-	-	64,903	375,551
Interest and fees	202,293	-	-	14,823	217,116
<b>Total Expenditures</b>	<b>13,149,898</b>	<b>973,512</b>	<b>1,303,674</b>	<b>513,634</b>	<b>15,940,718</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(857,615)</b>	<b>335,514</b>	<b>(191,792)</b>	<b>(252,898)</b>	<b>(966,791)</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds from sale of capital assets	17,295	-	-	-	17,295
Transfers in	448,200	-	-	-	448,200
Transfers out	-	(298,200)	-	-	(298,200)
<b>Total Other Financing Sources (Uses)</b>	<b>465,495</b>	<b>(298,200)</b>	<b>-</b>	<b>-</b>	<b>167,295</b>
<b>Net change in fund balances</b>	<b>(392,120)</b>	<b>37,314</b>	<b>(191,792)</b>	<b>(252,898)</b>	<b>(799,496)</b>
Fund balances at beginning of year	5,560,551	1,458,925	564,107	313,614	7,897,197
Fund balances at end of year	\$ 5,168,431	\$ 1,496,239	\$ 372,315	\$ 60,716	\$ 7,097,701

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

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

*YEAR ENDED APRIL 30, 2025*

---

Net change in fund balances - total governmental funds \$ (799,496)

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 depreciation (\$760,544) exceeded capitalized expenditures (\$230,266) in the current period. (530,278)

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	\$ 250,000	
Principal repayment of leases	10,105	
Principal repayment of installment contracts	115,446	
Amortization of issuance premium	23,087	
Amortization of issuance discount	<u>(907)</u>	
Total		397,731

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. 12,740

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. (53,987)

Compensated absences do not require the use of current financial resources. Therefore, the change in this liability is not reported in the governmental funds. (103,719)

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 City pension contributions exceeded pension benefits earned in the current period. 319,540

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. (24,223)

Change in Net Position of Governmental Activities \$ (781,692)

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

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

YEAR ENDED APRIL 30, 2025

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
Property taxes	\$ 2,340,000	\$ 2,513,472	\$ 173,472
Utility taxes	1,046,000	1,019,924	(26,076)
Licenses, permits and fees	950,800	1,020,502	69,702
Intergovernmental	4,746,676	6,392,732	1,646,056
Intragovernmental	300,000	300,000	-
Fines and forfeitures	852,500	679,938	(172,562)
Rental income	-	17,591	17,591
Interest income	15,000	192,872	177,872
Miscellaneous income	23,300	155,252	131,952
Total Revenues	<u>10,274,276</u>	<u>12,292,283</u>	<u>2,018,007</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	2,196,110	2,268,893	(72,783)
Parks	533,395	704,648	(171,253)
Public safety	6,551,081	7,604,494	(1,053,413)
Public works	830,720	1,033,930	(203,210)
<b>Debt service:</b>			
Principal retirement	5,800	310,648	(304,848)
Interest and fees	-	202,293	(202,293)
<b>Capital outlay:</b>			
General government	113,000	114,503	(1,503)
Public safety	77,170	122,899	(45,729)
Public works	7,000	787,590	(780,590)
Total Expenditures	<u>10,314,276</u>	<u>13,149,898</u>	<u>(2,835,622)</u>
Deficiency of Revenues over Expenditures	<u>(40,000)</u>	<u>(857,615)</u>	<u>(817,615)</u>
<b>Other Financing Sources:</b>			
Proceeds from sale of capital assets	40,000	17,295	(22,705)
Transfers in	-	448,200	448,200
Total Other Financing Sources	<u>40,000</u>	<u>465,495</u>	<u>425,495</u>
Net change in fund balances	-	(392,120)	(392,120)
Fund balances at beginning of year	<u>5,560,551</u>	<u>5,560,551</u>	<u>-</u>
Fund balances at end of year	<u>\$ 5,560,551</u>	<u>\$ 5,168,431</u>	<u>\$ (392,120)</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, 2025

	<b>Business-type Activities</b>		
	<b>Waterworks and Sewerage</b>	<b>Golf Course</b>	<b>Total Enterprise Funds</b>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 3,739,853	\$ 50,013	\$ 3,789,866
Receivables:			
Accounts billed	95,997	-	95,997
Accounts unbilled	602,007	-	602,007
Due from other funds	250,351	84,075	334,426
Prepaid items	48,611	-	48,611
<b>Total Current Assets</b>	<b>4,736,819</b>	<b>134,088</b>	<b>4,870,907</b>
Noncurrent Assets:			
Net pension asset	18,438	908	19,346
Capital assets not being depreciated/amortized	-	2,215,779	2,215,779
Capital assets being depreciated/amortized, net	4,762,121	179,401	4,941,522
<b>Total Noncurrent Assets</b>	<b>4,780,559</b>	<b>2,396,088</b>	<b>7,176,647</b>
<b>Total Assets</b>	<b>9,517,378</b>	<b>2,530,176</b>	<b>12,047,554</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	353,239	17,580	370,819
Deferred outflows of resources related to other postemployment benefits	503,790	16,073	519,863
<b>Total Deferred Outflows of Resources</b>	<b>\$ 857,029</b>	<b>\$ 33,653</b>	<b>\$ 890,682</b>

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, 2025

	<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	\$ 361,859	\$ 39,010	\$ 400,869
Accrued payroll	23,741	2,160	25,901
Due to other funds	-	858	858
Deposits	795	-	795
Current portion of leases	2,255	4,672	6,927
Current portion of installment contracts	102,337	18,067	120,404
Current portion of compensated absences	79,891	4,765	84,656
Current portion of other postemployment benefits liability	50,800	950	51,750
Total Current Liabilities	<u>621,678</u>	<u>70,482</u>	<u>692,160</u>
Noncurrent Liabilities:			
Leases, less current portion	4,083	-	4,083
Installment contracts, less current portion	343,295	38,970	382,265
Compensated absences	140,275	5,679	145,954
Total other postemployment benefits liability	746,915	14,006	760,921
Total Noncurrent Liabilities	<u>1,234,568</u>	<u>58,655</u>	<u>1,293,223</u>
<b>Total Liabilities</b>	<u>1,856,246</u>	<u>129,137</u>	<u>1,985,383</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	44,274	3,236	47,510
Deferred inflows of resources related to other postemployment benefits	329,455	5,253	334,708
Total Deferred Inflows of Resources	<u>373,729</u>	<u>8,489</u>	<u>382,218</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,310,151	2,333,471	6,643,622
Unrestricted	3,834,281	92,732	3,927,013
Total Net Position	<u>\$ 8,144,432</u>	<u>\$ 2,426,203</u>	<u>\$ 10,570,635</u>

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, 2025

	<b>Business-type Activities</b>		
	<b>Waterworks and Sewerage</b>	<b>Golf Course</b>	<b>Total Enterprise Funds</b>
Operating Revenues:			
Charges for services	\$ 7,028,272	\$ 433,691	\$ 7,461,963
Permits and fees	29,150	-	29,150
Retail and concession sales	-	76,249	76,249
Miscellaneous income	39,864	3,466	43,330
Total Operating Revenues	<u>7,097,286</u>	<u>513,406</u>	<u>7,610,692</u>
Operating Expenses:			
Personnel	2,187,999	163,603	2,351,602
Employee benefits	950,886	28,238	979,124
Water purchases	2,612,008	-	2,612,008
Electrical energy	59,452	-	59,452
Systems maintenance	448,681	-	448,681
Cost of sales	-	35,866	35,866
Contractual services	615,198	36,094	651,292
Commodities and supplies	-	83,068	83,068
Intragovernmental	300,000	-	300,000
Rental, repairs, and maintenance	93,916	975	94,891
Miscellaneous	78,486	49,565	128,051
Depreciation / amortization	253,275	48,910	302,185
Non-capitalized capital outlay	14,124	-	14,124
Total Operating Expenses	<u>7,614,025</u>	<u>446,319</u>	<u>8,060,344</u>
Operating Income (Loss)	<u>(516,739)</u>	<u>67,087</u>	<u>(449,652)</u>
Nonoperating Revenue (Expense):			
Interest income	157,116	37	157,153
Interest expense	(51,409)	(4,449)	(55,858)
Total Nonoperating Revenue (Expense)	<u>105,707</u>	<u>(4,412)</u>	<u>101,295</u>
Income before Transfers	(411,032)	62,675	(348,357)
Transfers out	<u>(150,000)</u>	<u>-</u>	<u>(150,000)</u>
Change in net position	(561,032)	62,675	(498,357)
Net position at beginning of year	<u>8,705,464</u>	<u>2,363,528</u>	<u>11,068,992</u>
Net position at end of year	<u>\$ 8,144,432</u>	<u>\$ 2,426,203</u>	<u>\$ 10,570,635</u>

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, 2025

	<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	\$ 7,027,523	\$ 513,406	\$ 7,540,929
Payments to suppliers	(4,202,908)	(196,598)	(4,399,506)
Payments for personnel	(2,918,585)	(188,631)	(3,107,216)
Net cash flows from operating activities	<u>(93,970)</u>	<u>128,177</u>	<u>34,207</u>
<b>Cash flows from noncapital financing activities:</b>			
Collection of advances made to other funds	(248,531)	-	(248,531)
Advances made to other funds	-	(69,030)	(69,030)
Payments of advances received from other funds	(34,799)	(143)	(34,942)
Transfers to other funds	(150,000)	-	(150,000)
Net cash flows from noncapital financing activities	<u>(433,330)</u>	<u>(69,173)</u>	<u>(502,503)</u>
<b>Cash flows from capital and related financing activities:</b>			
Capital asset additions	(178,649)	(21,392)	(200,041)
Principal payments on installment contracts	(96,828)	(17,100)	(113,928)
Principal payments on leases	(2,120)	(7,628)	(9,748)
Interest paid	(51,409)	(4,449)	(55,858)
Net cash flows from capital and related financing activities	<u>(329,006)</u>	<u>(50,569)</u>	<u>(379,575)</u>
<b>Cash flows from investing activities:</b>			
Interest income received	<u>157,116</u>	<u>37</u>	<u>157,153</u>
Net change in cash and cash equivalents	(699,190)	8,472	(690,718)
Cash and cash equivalents at beginning of year	4,439,043	41,541	4,480,584
Cash and cash equivalents at end of year	<u>\$ 3,739,853</u>	<u>\$ 50,013</u>	<u>\$ 3,789,866</u>

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, 2025

	<b>Business-type Activities</b>		
	<b>Waterworks and Sewerage</b>	<b>Golf Course</b>	<b>Total Enterprise Funds</b>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>			
Operating income (loss)	\$ (516,739)	\$ 67,087	\$ (449,652)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation / amortization	253,275	48,910	302,185
(Increase) decrease in:			
Receivables and other assets	(76,668)	-	(76,668)
Deferred outflows of resources related to pensions	448,009	16,953	464,962
Deferred outflows of resources related to other postemployment benefits	68,317	2,594	70,911
Increase (decrease) in:			
Accounts payable	25,067	8,970	34,037
Accrued payroll and compensated absences	135,110	3,214	138,324
Deposits	795	-	795
Net pension liability	(344,563)	(14,964)	(359,527)
Total other postemployment benefits liability	(7,988)	(175)	(8,163)
Deferred inflows of resources related to pensions	(64,020)	(4,042)	(68,062)
Deferred inflows of resources related to other postemployment benefits	(14,565)	(370)	(14,935)
Net cash flows from operating activities	<u>\$ (93,970)</u>	<u>\$ 128,177</u>	<u>\$ 34,207</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, 2025*

---

<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,239,802
Receivables:	
Other	21,247
Prepaid items	550
Investments:	
Pooled investments	<u>26,926,419</u>
Total Assets	28,188,018
<b>LIABILITIES</b>	
Accounts payable	<u>129,218</u>
<b>NET POSITION</b>	
Net position restricted for pensions	<u><u>\$ 28,058,800</u></u>

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

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

*YEAR ENDED APRIL 30, 2025*

---

Additions:	
Contributions:	
Employer	\$ 2,414,695
Employees	292,508
Total Contributions	<u>2,707,203</u>
Investment income	2,461,616
Less investment expense	<u>(17,269)</u>
Net Investment Income	<u>2,444,347</u>
Total Additions	<u>5,151,550</u>
Deductions:	
Benefit payments and refunds of member contributions	2,989,580
Administrative expenses	<u>52,743</u>
Total Deductions	<u>3,042,323</u>
Change in net position	2,109,227
Net position at beginning of year	<u>25,949,573</u>
Net position at end of year	<u>\$ 28,058,800</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, 2025

---

### 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, 2025

---

### **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 funds are the DEA / Customs Revenue Fund and the OSLAD Grant 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, 2025

---

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, 2025

**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, 2024 to April 30, 2025 was enacted April 18, 2024.
- For the year ended April 30, 2025, 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 2025, 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, 2025, expenditures exceeded the appropriation in the General Fund as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund	\$ 10,314,276	\$ 13,149,898	\$ (2,835,622)

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

**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.

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.

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

APRIL 30, 2025

*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:

<u>Capital Asset Classes</u>	<u>Years</u>
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.

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).

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

APRIL 30, 2025

---

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, 2025

---

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.

# CITY OF PALOS HILLS, ILLINOIS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

APRIL 30, 2025

---

*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).

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 policy provides for a maximum accumulation of unused vacation leave of 40 hours which can be carried forward each May 1 or for which an employee can be paid upon termination of employment. Up to 80 hours may be carried forward with prior employer approval. Sick leave is earned monthly by eligible employees. The policy provides for the accumulation of unused sick leave to be carried forward until used. Upon resignation or retirement, unused sick leave may be paid out. Up to 50 hours for law enforcement and 40 hours for all others of compensatory time may be accumulated, which is paid out at separation. The liability for those amounts is recorded in the government-wide and proprietary fund financial statements if the leave is attributable to services already rendered and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. A liability for these amounts is reported in governmental funds only if they have matured as a result of employee resignations and retirements.

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

APRIL 30, 2025

*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.

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, 2024, the City adopted the provisions of GASB 101, *Compensated Absences*. Under the new guidance, the recognition of a liability for compensated absences is required if the leave is attributable to services rendered, the leave accumulates, and it is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Based on the City's employment policies and historical usage data, unused sick leave is now deemed to meet the "more likely than not" threshold for recognition. The cumulative effect of applying GASB 101 required the City to record the previously unrecognized sick leave liability and did not have a material impact to the financial statements.

**Note 2–Detailed notes on all activities and funds**

**Deposits and Investments**

Cash and investments as of April 30, 2025 was comprised of the following:

	<b>Government- wide</b>	<b>Fiduciary</b>	<b>Total</b>
Cash on hand	\$ 300	\$ -	\$ 300
Deposits with financial institutions	7,919,575	1,239,802	9,159,377
The Illinois Funds money market accounts	2,565,708	-	2,565,708
Investments	-	26,926,419	26,926,419
Total	<u>\$ 10,485,583</u>	<u>\$ 28,166,221</u>	<u>\$ 38,651,804</u>

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

APRIL 30, 2025

*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.

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, 2025, \$7,787,246 of the City's bank balances of \$8,716,576 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank	\$7,305,190
Uninsured and uncollateralized	482,056
Total	<u><u>\$7,787,246</u></u>

*Investments* – As of April 30, 2025, the Police Pension Fund had the following investments:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Average Credit Quality Ratings <sup>(1)</sup></u>	<u>Weighted Average Years to Maturity <sup>(2)</sup></u>
Pooled investments	<u>\$ 26,926,419</u>	NR	N/A

(1) Ratings are provided where applicable to indicate associated *Credit Risk*. NR indicates 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* – 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. 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).

# CITY OF PALOS HILLS, ILLINOIS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

APRIL 30, 2025

---

*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.

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.

### **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, 2025:

*Pooled Investments* – Valued at NAV of units held, which is the price at which the investment could be sold. NAV is 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.

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

APRIL 30, 2025

**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, 2025 was \$50,162. As of April 30, 2025, the City's receivable for lease payments was \$495,814. 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, 2025, the balance of the deferred inflow of resources was \$461,964.

**Interfund Receivables, Payables, and Transfers**

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Golf Course Fund	General Fund	\$ 84,075
Motor Fuel Tax Fund	General Fund	124,771
Capital Projects Fund	General Fund	336,859
Waterworks and Sewerage Fund	General Fund	249,314
Waterworks and Sewerage Fund	Golf Course Fund	858
Waterworks and Sewerage Fund	Capital Projects Fund	179
	Nonmajor Fund:	
Capital Projects Fund	OSLAD Grant Fund	139,833
	Nonmajor Fund:	
General Fund	OSLAD Grant Fund	100
Nonmajor Fund:		
DEA / Customs Revenue Fund	General Fund	1,413
Total		<u>\$ 937,402</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.

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

APRIL 30, 2025

**Interfund Transfers**

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
Capital Projects Fund	General Fund	\$ 298,200
Waterworks and Sewerage Fund	General Fund	150,000
Total		<u>\$ 448,200</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.

**Capital Assets**

Capital asset activity for the year ended April 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 5,404,581	\$ -	\$ -	\$ 5,404,581
Capital assets being depreciated/amortized:				
Buildings	13,970,554	-	-	13,970,554
Furniture and fixtures	589,487	-	-	589,487
Infrastructure	2,236,450	54,274	-	2,290,724
Land improvements	1,740,425	-	-	1,740,425
Machinery and equipment	2,141,566	175,992	(37,398)	2,280,160
Vehicles	3,142,726	-	-	3,142,726
Right-to-use leased equipment	42,041	-	-	42,041
Total capital assets being depreciated/amortized	<u>23,863,249</u>	<u>230,266</u>	<u>(37,398)</u>	<u>24,056,117</u>
Less accumulated depreciation/amortization for:				
Buildings	(3,522,777)	(298,577)	-	(3,821,354)
Furniture and fixtures	(331,411)	(16,974)	-	(348,385)
Infrastructure	(2,153,692)	(21,709)	-	(2,175,401)
Land improvements	(1,100,726)	(38,494)	-	(1,139,220)
Machinery and equipment	(1,560,522)	(147,885)	37,398	(1,671,009)
Vehicles	(2,093,562)	(226,657)	-	(2,320,219)
Right-to-use leased equipment	(14,752)	(10,248)	-	(25,000)
Total accumulated depreciation/amortization	<u>(10,777,442)</u>	<u>(760,544)</u>	<u>37,398</u>	<u>(11,500,588)</u>
Total capital assets being depreciated/amortized, net	<u>13,085,807</u>	<u>(530,278)</u>	<u>-</u>	<u>12,555,529</u>
Governmental activities capital assets, net	<u>\$ 18,490,388</u>	<u>\$ (530,278)</u>	<u>\$ -</u>	<u>\$ 17,960,110</u>

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

APRIL 30, 2025

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
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	57,149	1,162	-	58,311
Land improvements	5,500	-	-	5,500
Machinery and equipment	4,705,711	113,014	-	4,818,725
Vehicles	1,765,049	7,995	-	1,773,044
Water distribution, storm and sanitary system	13,051,585	77,870	-	13,129,455
Right-to-use leased equipment	35,528	-	-	35,528
Total capital assets being depreciated/amortized	<u>20,631,958</u>	<u>200,041</u>	<u>-</u>	<u>20,831,999</u>
Less accumulated depreciation/amortization for:				
Buildings	(939,268)	(7,706)	-	(946,974)
Furniture and fixtures	(54,109)	(784)	-	(54,893)
Land improvements	(2,722)	(367)	-	(3,089)
Machinery and equipment	(3,734,101)	(131,382)	-	(3,865,483)
Vehicles	(1,511,915)	(78,268)	-	(1,590,183)
Water distribution, storm and sanitary system	(9,330,882)	(74,204)	-	(9,405,086)
Right-to-use leased equipment	(15,295)	(9,474)	-	(24,769)
Total accumulated depreciation/amortization	<u>(15,588,292)</u>	<u>(302,185)</u>	<u>-</u>	<u>(15,890,477)</u>
Total capital assets being depreciated/amortized, net	<u>5,043,666</u>	<u>(102,144)</u>	<u>-</u>	<u>4,941,522</u>
Business-type activities capital assets, net	<u>\$ 7,259,445</u>	<u>\$ (102,144)</u>	<u>\$ -</u>	<u>\$ 7,157,301</u>

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

Governmental activities:	
General government	\$ 304,218
Parks	76,054
Public safety	319,428
Public works	60,844
Total governmental activities	<u>\$ 760,544</u>

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

APRIL 30, 2025

**Long-term Liabilities**

**Governmental Activities**

*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:

<u>Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 68,573	\$ 11,153	\$ 79,726
2027	72,449	7,277	79,726
2028	75,849	3,077	78,926
Total	<u>\$ 216,871</u>	<u>\$ 21,507</u>	<u>\$ 238,378</u>

*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, 2025 was \$18,074.

The future principal and interest lease payments as of April 30, 2025 were as follows:

<u>Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 9,146	\$ 926	\$ 10,072
2027	6,463	465	6,928
2028	2,465	99	2,564
Total	<u>\$ 18,074</u>	<u>\$ 1,490</u>	<u>\$ 19,564</u>

*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 as follows:

<u>Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 4,705,000</u>	<u>\$ 1,530,000</u>	<u>\$ 6,235,000</u>

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

APRIL 30, 2025

**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:

<u>Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 18,067	\$ 2,933	\$ 21,000
2027	19,088	1,912	21,000
2028	19,882	1,119	21,001
Total	<u>\$ 57,037</u>	<u>\$ 5,964</u>	<u>\$ 63,001</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:

<u>Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 102,337	\$ 25,358	\$ 127,695
2027	108,160	19,535	127,695
2028	114,315	13,380	127,695
2029	120,820	6,875	127,695
Total	<u>\$ 445,632</u>	<u>\$ 65,148</u>	<u>\$ 510,780</u>

*Leases Payable* – The City 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, 2025 was \$11,010.

The future principal and interest lease payments as of April 30, 2025 were as follows:

<u>Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 6,927	\$ 427	\$ 7,354
2027	2,399	186	2,585
2028	1,684	39	1,723
Total	<u>\$ 11,010</u>	<u>\$ 652</u>	<u>\$ 11,662</u>

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

<u>Year Ending April 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2026	\$ 332,719	\$ 200,279	\$ 127,331	\$ 28,718	\$ 689,047
2027	348,912	185,742	129,647	21,633	685,934
2028	358,314	170,376	135,881	14,538	679,109
2029	290,000	156,000	120,820	6,875	573,695
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>\$ 4,939,945</u>	<u>\$1,552,997</u>	<u>\$ 513,679</u>	<u>\$ 71,764</u>	<u>\$ 7,078,385</u>

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

APRIL 30, 2025

Long-term liability activity for the year ended April 30, 2025 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Adjustments/ Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Debt certificates	\$ 4,955,000	\$ -	\$ (250,000)	\$ 4,705,000	\$ 255,000
Installment contracts payable	332,317	-	(115,446)	216,871	68,573
Leases payable	28,179	-	(10,105)	18,074	9,146
Unamortized issuance premium	337,675	-	(23,087)	314,588	-
Unamortized issuance discount	(4,082)	-	907	(3,175)	-
Compensated absences payable	564,256	103,719	-	667,975	133,595
<b>Net pension liability (asset):</b>					
Police pension	29,314,334	1,973,302	(8,063,730)	23,223,906	-
Illinois Municipal Retirement Fund	252,882	222,348	(475,230)	-	-
Total other postemployment benefits liability	898,549	98,624	(129,382)	867,791	55,260
Total governmental activity long-term liabilities	<u>\$ 36,679,110</u>	<u>\$ 2,397,993</u>	<u>\$ (9,066,073)</u>	<u>\$ 30,011,030</u>	<u>\$ 521,574</u>
<b>Business-type activities:</b>					
<b>Waterworks and Sewerage:</b>					
Installment contracts payable	\$ 542,460	\$ -	\$ (96,828)	\$ 445,632	\$ 102,337
Leases payable	8,458	-	(2,120)	6,338	2,255
Compensated absences	19,811	200,355	-	220,166	79,891
<b>Net pension liability (asset):</b>					
Illinois Municipal Retirement Fund	326,125	136,625	(462,750)	-	-
Total other postemployment benefits liability	805,703	90,935	(98,923)	797,715	50,800
Total Waterworks and Sewage long-term liabilities	<u>1,702,557</u>	<u>427,915</u>	<u>(660,621)</u>	<u>1,469,851</u>	<u>235,283</u>
<b>Golf Course:</b>					
Installment contracts payable	74,137	-	(17,100)	57,037	18,067
Leases payable	12,300	-	(7,628)	4,672	4,672
Compensated absences	4,024	6,420	-	10,444	4,765
<b>Net pension liability (asset):</b>					
Illinois Municipal Retirement Fund	14,056	2,728	(16,784)	-	-
Total other postemployment benefits liability	15,131	1,705	(1,880)	14,956	950
Total Golf Course long-term liabilities	<u>119,648</u>	<u>10,853</u>	<u>(43,392)</u>	<u>87,109</u>	<u>28,454</u>
Total business-type activity long-term liabilities	<u>\$ 1,822,205</u>	<u>\$ 438,768</u>	<u>\$ (704,013)</u>	<u>\$ 1,556,960</u>	<u>\$ 263,737</u>

The net pension liability, total other postemployment benefits liability, and leases payable included in governmental activity long-term liabilities have typically been liquidated by the General Fund in prior years. The net change in the liability for compensated absences reflects the liability for used but unpaid leave and the liability for unused leave that is more likely than not to be used or paid.

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

APRIL 30, 2025

*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)	<u>\$ 519,539,384</u>
Statutory debt limit (8.625% of assessed value)	\$ 44,810,272
Less debt outstanding:	
Debt certificates (including premiums and discounts)	(5,016,413)
Installment contracts	(719,540)
Leases payable	<u>(29,084)</u>
Legal Debt Margin	<u>\$ 39,045,235</u>

**Fund Balances**

As of April 30, 2025, fund balances were comprised of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:					
Leases	\$ 33,850	\$ -	\$ -	\$ -	\$ 33,850
Restricted:					
Transportation services	2,427	-	-	-	2,427
Street maintenance	-	-	372,315	-	372,315
Police protection	-	-	-	78,734	78,734
Total Restricted	<u>2,427</u>	<u>-</u>	<u>372,315</u>	<u>78,734</u>	<u>453,476</u>
Committed:					
Capital projects	-	1,496,239	-	-	1,496,239
Assigned:					
Park development	-	-	-	119,835	119,835
Unassigned	<u>5,132,154</u>	<u>-</u>	<u>-</u>	<u>(137,853)</u>	<u>4,994,301</u>
Total	<u>\$ 5,168,431</u>	<u>\$ 1,496,239</u>	<u>\$ 372,315</u>	<u>\$ 60,716</u>	<u>\$ 7,097,701</u>

**Fund Deficit**

The OSLAD Revenue Fund (a nonmajor special revenue fund) reported a fund deficit at April 30, 2025 of \$137,853. This deficit will be eliminated through grant revenues or transfers from another fund in a subsequent year.

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

APRIL 30, 2025

---

**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, 2025.

**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 8 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.

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

APRIL 30, 2025

*Employees Covered by Benefit Terms* – At April 30, 2025, the Police Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	33
Inactive plan members entitled to but not receiving benefits	13
Active plan members	<u>29</u>
Total	<u><u>75</u></u>
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, 2025, the City's contribution was 79.56% of covered payroll.

*Net Pension Liability* – The City's net pension liability was measured as of April 30, 2025. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of May 1, 2024 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-2021 Improvement Rates applied on a fully generational basis.

Retiree Mortality follows the L&A Assumption Study for Police 2024. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2021 using MP-2021 Improvement Rates. These rates are then improved fully generationally using MP-2021 Improvement Rates.

Disabled Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants. Mortality improvement uses MP-2021 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 2024.

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

APRIL 30, 2025

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

<b>Asset Class</b>	<b>Portfolio Target Percentage</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. Large	23.00%	3.20%
U.S. Small	5.00%	4.10%
International Developed	19.00%	4.20%
International Developed Small	5.00%	5.10%
Emerging Markets	6.00%	4.50%
High Yield Corporate Credit	3.00%	4.30%
Emerging Market Debt	3.00%	4.55%
U.S. TIPS	3.00%	1.60%
U.S. Treasury	3.00%	1.60%
Private Equity	7.00%	5.50%
Private Credit	5.00%	5.70%
Bank Loans	3.00%	4.80%
Real Estate	5.00%	4.40%
Infrastructure	3.00%	5.60%
Cash	1.00%	1.40%
Short-term Government	3.00%	1.80%
Core Fixed Income	3.00%	2.40%
Total	100.00%	

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, 2025 are listed in the table above.

*Single Discount Rate* – A Single Discount Rate of 6.06% 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 5.24%, and the resulting Single Discount Rate is 6.06%.

For the year ended April 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 5.89%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

APRIL 30, 2025

*Changes in the Net Pension Liability* – Changes in the City's net pension liability for the year ended April 30, 2025 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, 2024	\$ 55,263,907	\$ 25,949,573	\$ 29,314,334
Changes for the year:			
Service cost	971,309	-	971,309
Interest on the total pension liability	2,881,155	-	2,881,155
Changes in benefit terms	766,375	-	766,375
Differences between expected and actual experience	-	-	-
Changes of assumptions	(5,610,460)	-	(5,610,460)
Contributions - employees	-	292,508	(292,508)
Contributions - employer	-	2,414,695	(2,414,695)
Net investment income	-	2,444,347	(2,444,347)
Benefit payments, including refunds of employee contributions	(2,989,580)	(2,989,580)	-
Administrative expense	-	(52,743)	52,743
Net changes	(3,981,201)	2,109,227	(6,090,428)
Balances at April 30, 2025	\$ 51,282,706	\$ 28,058,800	\$ 23,223,906

The change of assumptions was 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.

*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 6.06%, 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:

	<b>1% Lower (5.06%)</b>	<b>Current Discount Rate (6.06%)</b>	<b>1% Higher (7.06%)</b>
City's net pension liability	\$ 30,748,367	\$ 23,223,906	\$ 17,129,573

*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, 2025, the Plan's fiduciary net position as a percentage of the total pension liability was 54.71%.

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

APRIL 30, 2025

*Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – For the year ended April 30, 2025, the City recognized pension expense of \$1,973,302. At April 30, 2025, 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	\$ 2,357,098	\$ (1,641,677)
Changes of assumptions	3,024,565	(10,196,756)
Net difference between projected and actual earnings on Plan investments	179,267	-
Total	<u>\$ 5,560,930</u>	<u>\$ (11,838,433)</u>

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:

2026	\$ (112,113)
2027	(1,742,999)
2028	(1,911,003)
2029	(1,825,955)
2030	<u>(685,433)</u>
Total	<u>\$ (6,277,503)</u>

**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).

*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 8 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.

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

APRIL 30, 2025

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, 2024, the following employees of the City were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	70
Inactive plan members entitled to but not yet receiving benefits	75
Active plan members	67
Total	212

*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 5.96% and 4.31% for calendar years 2025 and 2024, respectively. For the fiscal year ended April 30, 2025, the City contributed \$202,475 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.

Contributions for the year ended April 30, 2025 are reported in the financial statements as follows:

Governmental activities	\$ 100,495
Business-type activities:	
Waterworks and Sewerage	97,199
Golf Course	4,781
Total contributions	\$ 202,475

*Net Pension Liability* – The City's net pension liability was measured as of December 31, 2024. The total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

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

APRIL 30, 2025

*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.

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, 2024:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	34.00%	4.35%
International equity	18.00%	5.40%
Fixed income	25.00%	5.20%
Real estate	11.00%	6.40%
Alternative investments	11.00%	4.85-6.25%
Cash equivalents	1.00%	3.80%
Total	<u>100.00%</u>	

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

APRIL 30, 2025

*Single Discount Rate* – A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2024. 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, 2024 were as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
Balances at December 31, 2023	\$ 21,449,748	\$ 20,856,685	\$ 593,063
Changes for the year:			
Service cost	330,894	-	330,894
Interest on the total pension liability	1,511,266	-	1,511,266
Differences between expected and actual experience	(102,038)	-	(102,038)
Changes of assumptions	-	-	-
Contributions - employees	-	165,580	(165,580)
Contributions - employer	-	175,565	(175,565)
Net investment income (loss)	-	2,028,295	(2,028,295)
Benefit payments, including refunds of employee contributions	(1,540,289)	(1,540,289)	-
Other changes	-	1,740	(1,740)
Net changes	199,833	830,891	(631,058)
Balances at December 31, 2024	\$ 21,649,581	\$ 21,687,576	\$ (37,995)

The net pension liability as of April 30, 2025 is reported on the financial statements as follows:

Governmental activities	\$ (18,649)
Business-type activities:	
Waterworks and Sewerage	(18,438)
Golf Course	(908)
Total net pension liability/(asset)	\$ (37,995)

*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:

	<b>1% Lower (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Higher (8.25%)</b>
Net pension liability (asset)	\$ 2,453,382	\$ (37,995)	\$ (2,023,971)

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

APRIL 30, 2025

*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, 2025, the City recognized pension expense/(income) of \$412,027. Pension expense/(income) for the year ended April 30, 2025 is reported in the financial statements as follows:

Business-type activities	
Waterworks and Sewerage	192,541
Golf Course	(2,862)
	<hr/>
Total pension expense	<u>\$ 412,027</u>

At April 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	\$ 181,821	\$ 68,887
Changes of assumptions	-	5,874
Changes in proportionate share	9,450	9,450
Net difference between projected and actual earnings on Plan investments	<hr/>	<hr/>
Total deferred amounts to be recognized in pension expense in future periods	476,685	-
Employer contributions made subsequent to the measurement date	667,956	84,211
Total deferred amounts related to pensions	<hr/>	<hr/>
	69,701	-
	<u>\$ 737,657</u>	<u>\$ 84,211</u>
Deferred amounts related to pensions are reported in the financial statements as follows:		
Governmental activities	\$ 366,838	\$ 36,701
Business-type activities:		
Waterworks and Sewerage	353,239	44,274
Golf Course	<hr/>	<hr/>
Total	17,580	3,236
	<u>\$ 737,657</u>	<u>\$ 84,211</u>

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:

2026	\$ 359,668
2027	594,841
2028	(259,026)
2029	<hr/>
	(111,738)
Total	<u>\$ 583,745</u>

Contributions subsequent to the measurement date of \$69,701 will be recognized as a reduction of the net pension liability in the subsequent fiscal period.

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

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:

	<u>PPP</u>	<u>IMRF</u>	<u>Total</u>
Deferred outflows of resources	\$ 5,560,930	\$ 737,657	\$ 6,298,587
Net pension (asset) liability	23,223,906	(37,995)	23,185,911
Deferred inflows of resources	11,838,433	84,211	11,922,644
Pension expense	1,973,302	412,027	2,385,329
Pension expenditures	2,414,695	202,475	2,617,170

**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.

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.

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

APRIL 30, 2025

*Employees Covered by Benefit Terms* – As of April 30, 2025, 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	<u>62</u>
Total	<u><u>66</u></u>

*Total OPEB Liability* – The City’s total OPEB liability was measured as of April 30, 2025 and was determined by an actuarial valuation as of May 2, 2024 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 4.64% was based on the S&P Municipal Bond 20 Year High-Grade Rate Index as of April 30, 2025.
- 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.

*Changes in the Total OPEB Liability* – Changes in the City's total OPEB liability for the year ended April 30, 2025 were as follows:

Balance at April 30, 2024	<u>\$ 1,719,383</u>
Changes for the year:	
Service cost	\$ 41,472
Interest expense	73,355
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions or other inputs	(34,221)
Benefit payments	<u>(119,527)</u>
Net changes	<u>(38,921)</u>
Balance at April 30, 2025	<u><u>\$ 1,680,462</u></u>

The total OPEB liability as of April 30, 2025 is reported in the financial statements as follows:

Governmental activities	\$ 867,791
Business-type activities:	
Waterworks and Sewerage	797,715
Golf Course	<u>14,956</u>
Total OPEB liability	<u><u>\$ 1,680,462</u></u>

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

APRIL 30, 2025

*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 (3.64%)</b>	<b>Current Discount Rate (4.64%)</b>	<b>1% Higher (5.64%)</b>
Total OPEB liability	\$ 1,543,502	\$ 1,680,462	\$ 1,834,044

*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	\$ 1,858,143	\$ 1,680,462	\$ 1,527,105

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB* – For the year ended April 30, 2025, the City recognized OPEB expense/(income) of \$191,564. OPEB expense/(income) for the year ended April 30, 2025 is reported in the financial statements as follows:

Governmental activities	\$ 98,924
Business-type activities	92,640
Total OPEB expense/(income)	<u>\$ 191,564</u>

At April 30, 2025, 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	\$ 933,139	\$ 156,906
Changes in assumptions and other inputs	128,142	433,399
Change in proportionate share	49,237	49,237
Total	<u>\$ 1,110,518</u>	<u>\$ 639,542</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	\$ 590,655	\$ 304,834
Business-type activities:		
Waterworks and Sewerage	503,790	329,455
Golf Course	16,073	5,253
Total	<u>\$ 1,110,518</u>	<u>\$ 639,542</u>

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

APRIL 30, 2025

---

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:

2026	\$	76,736
2027		76,736
2028		76,736
2029		76,736
2030		73,199
Thereafter		90,833
Total	\$	<u>470,976</u>

**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, 2025, employees contributed \$37,631 to the plan. The City made no contributions to the plan during the year.

**Subsequent Events**

Management has evaluated subsequent events through October 27, 2025, 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**  
**(SCHEDULES TO BE BUILT PROSPECTIVELY)**  
**SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY**

**LAST TEN FISCAL YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability:										
Service cost	\$ 971,309	\$ 1,136,052	\$ 1,224,278	\$ 1,494,975	\$ 1,446,130	\$ 1,028,532	\$ 715,224	\$ 719,309	\$ 702,851	\$ 707,740
Interest on the total pension liability	2,881,155	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
Changes in benefit terms	-	844,834	(41,412)	-	-	213,905	-	-	-	-
Differences between expected and actual experience	766,375	(644,768)	3,058,581	(2,300,002)	(1,517,428)	2,488,601	(510,823)	(468,251)	488,481	5,658,802
Changes of assumptions	(5,610,460)	(4,799,587)	(1,429,843)	(4,585,165)	1,715,418	18,245,705	-	-	-	-
Benefit payments, including refunds of employee contributions	(2,989,580)	(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)
Other changes	-	-	-	-	-	-	-	(50,000)	50,000	-
Net change in total pension liability	(3,981,201)	(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
Total pension liability at beginning of year	55,263,907	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
Total pension liability at end of year	<u>\$ 51,282,706</u>	<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>
Plan fiduciary net position:										
Contributions - employees	\$ 2,414,695	\$ 289,065	\$ 286,237	\$ 277,943	\$ 296,295	\$ 287,299	\$ 281,618	\$ 295,218	\$ 267,934	\$ 258,502
Contributions - employer	292,508	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
Net investment income (loss)	2,444,347	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	(2,989,580)	(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)
Administrative expense	(52,743)	(55,203)	(57,414)	(95,924)	(51,680)	(51,283)	(36,184)	(22,128)	(18,074)	(24,778)
Other	-	-	-	-	-	(3,166)	-	-	-	-
Net change in plan fiduciary net position	2,109,227	1,989,642	(747,205)	(1,407,175)	6,173,319	(139,868)	1,411,627	1,254,598	1,358,889	(238,660)
Plan fiduciary net position at beginning of year	25,949,573	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
Plan fiduciary net position at end of year	<u>\$ 28,058,800</u>	<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>
City's net pension liability at end of year	<u>\$ 23,223,906</u>	<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>
Plan fiduciary net position as a percentage of total pension liability	54.71%	46.96%	41.06%	44.42%	43.07%	34.22%	56.76%	54.29%	52.10%	50.98%
Covered payroll	<u>\$ 3,034,926</u>	<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>
City's net pension liability as a percentage of covered payroll	765.22%	990.37%	1160.12%	1076.80%	1122.98%	1291.61%	548.83%	563.95%	607.51%	586.25%

Notes to schedule:

*Changes of Assumptions* –The changes of assumptions during the years ended April 30, 2025, 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 change of assumptions during the year 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, 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*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 2,645,846	\$ 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
Contributions in relation to the actuarially determined contribution	2,414,695	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
Contribution deficiency	\$ 231,151	\$ 504,645	\$ 763,404	\$ 815,449	\$ 845,081	\$ 598,116	\$ 713,845	\$ 729,175	\$ 706,361	\$ 702,621
Covered payroll	\$ 3,034,926	\$ 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
Contributions as a percentage of covered payroll	79.56%	64.53%	53.49%	52.75%	42.71%	42.30%	41.53%	40.33%	42.61%	39.01%

Valuation Date. Actuarially determined contribution rates are calculated from the May 1, 2023 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	11.38 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*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	5.89%	8.88%	0.31%	-4.13%	31.02%	-0.48%	8.40%	7.88%	8.91%	0.09%

**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 TEN CALENDAR YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:										
Service cost	\$ 330,894	\$ 311,231	\$ 291,618	\$ 302,580	\$ 308,516	\$ 300,016	\$ 271,449	\$ 281,892	\$ 278,154	\$ 292,097
Interest on the total pension liability	1,511,266	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	(102,038)	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	(1,540,289)	(998,901)	(909,321)	(875,576)	(877,817)	(884,247)	(791,585)	(734,454)	(569,757)	(482,172)
Net change in total pension liability	199,833	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	21,449,748	20,204,725	19,275,691	18,579,516	19,376,111	18,755,774	17,152,233	16,083,619	1,518,531	952,128
Total pension liability at end of year	<u>\$ 21,649,581</u>	<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>\$ 1,518,531</u>
Plan fiduciary net position:										
Contributions - employees	\$ 165,580	\$ 180,564	\$ 158,313	\$ 141,948	\$ 147,755	\$ 137,138	\$ 138,921	\$ 168,495	\$ 124,210	\$ 120,960
Contributions - employer	175,565	185,071	246,409	371,119	402,014	323,646	330,393	314,842	317,701	307,777
Net investment income (loss)	2,028,295	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	(1,540,289)	(998,901)	(909,321)	(875,576)	(877,817)	(884,247)	(791,585)	(734,454)	(569,757)	(482,172)
Other changes	1,740	233,896	90,116	(64,406)	(652,786)	69,191	348,458	(107,869)	107,480	(354,825)
Net change in plan fiduciary net position	830,891	1,697,784	(3,148,117)	2,850,317	1,587,179	2,541,485	(868,029)	2,049,397	873,878	(340,328)
Plan fiduciary net position at beginning of year	20,856,685	19,158,901	22,307,018	19,456,701	17,869,522	15,328,037	6,196,066	14,146,669	1,272,791	1,613,119
Plan fiduciary net position at end of year	<u>\$ 21,687,576</u>	<u>\$ 20,856,685</u>	<u>\$ 19,158,901</u>	<u>\$ 22,307,018</u>	<u>\$ 19,456,701</u>	<u>\$ 17,869,522</u>	<u>\$ 5,328,037</u>	<u>\$ 16,196,066</u>	<u>\$ 2,146,669</u>	<u>\$ 1,272,791</u>
Net pension liability (asset) at end of year	<u>\$ (37,995)</u>	<u>\$ 593,063</u>	<u>\$ 1,045,824</u>	<u>\$ (3,031,327)</u>	<u>\$ (877,185)</u>	<u>\$ 1,506,589</u>	<u>\$ 13,427,737</u>	<u>\$ 956,167</u>	<u>\$ 266,950</u>	<u>\$ 245,740</u>
Plan fiduciary net position as a percentage of total pension liability	100.18%	97.24%	94.82%	115.73%	104.72%	92.22%	28.41%	94.43%	87.96%	87.39%
Covered payroll	<u>\$ 3,841,772</u>	<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>-0.99%</u>	<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>

Changes in assumptions:

- 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 (CONTINUED)**

*LAST TEN FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 202,475	\$ 176,120	\$ 230,951	\$ 330,385	\$ 378,470	\$ 348,360	\$ 337,803	\$ 321,358	\$ 320,773	\$ 310,024
Actual contribution	202,475	176,120	230,951	330,385	378,470	348,360	337,803	321,358	320,773	310,024
Covered payroll	\$ 3,841,772	\$ 3,700,010	\$ 3,568,402	\$ 3,192,256	\$ 3,042,413	\$ 3,076,312	\$ 3,032,392	\$ 2,915,651	\$ 2,820,626	\$ 2,702,890
Actual contribution as a percentage of covered payroll	5.27%	4.76%	6.47%	10.35%	12.44%	11.32%	11.14%	11.02%	11.37%	11.47%

**SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED  
 IN THE CALCULATION OF THE 2024 CONTRIBUTION RATE \***

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.

Valuation Date:

Methods and Assumptions used to determine 2024 Contribution Rates.

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19-year closed period
Asset valuation method	5-year smoothed-fair value; 20% corridor
Wage growth	2.75%
Price inflation	2.25%
Salary increases	2.85% to 13.75%, including inflation
Investment rate of return	7.25%

Retirement age Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2020 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, 2022 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 SEVEN FISCAL YEARS*

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Total OPEB liability:							
Service cost	\$ 41,472	\$ 41,473	\$ 41,423	\$ 60,535	\$ 41,099	\$ 46,668	\$ 42,463
Interest expense	73,355	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	(34,221)	(37,513)	(26,251)	(415,141)	(28,110)	50,424	34,399
Benefit payments	(119,527)	(140,775)	(129,977)	(123,636)	-	-	-
Other changes	-	-	-	-	-	(14,666)	19,906
Net change in total OPEB liability	(38,921)	(197,585)	(39,523)	1,012,939	(24,864)	109,690	114,229
Total OPEB liability at beginning of year	1,719,383	1,916,968	1,956,491	943,552	968,416	858,726	744,497
Total OPEB liability at end of year	<u>\$ 1,680,462</u>	<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>\$ 5,768,836</u>	<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>29.13%</u>	<u>30.99%</u>	<u>32.92%</u>	<u>34.94%</u>	<u>17.39%</u>	<u>18.98%</u>	<u>16.83%</u>

Note to schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**SUPPLEMENTARY INFORMATION**

**MAJOR GOVERNMENTAL FUNDS**

**GENERAL FUND**

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

APRIL 30, 2025 (WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2024)

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,214,537	\$ 5,050,732
Property taxes receivable	1,232,857	1,255,384
Leases receivable	495,814	497,317
Other receivables	223,444	241,344
Due from other funds	100	34,799
Due from other governmental units	1,223,665	945,208
<b>Total Assets</b>	<u>\$ 8,390,417</u>	<u>\$ 8,024,784</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 275,837	\$ 252,486
Accrued payroll	276,625	431,657
Deposits payable	28,660	55,235
Due to other funds	796,432	27,208
<b>Total Liabilities</b>	<u>1,377,554</u>	<u>766,586</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes levied for future period	1,382,468	1,218,092
Lease related	461,964	479,555
<b>Total Deferred Inflows of Resources</b>	<u>1,844,432</u>	<u>1,697,647</u>
<b>FUND BALANCES</b>		
Nonspendable:		
Leases	33,850	17,762
Restricted	2,427	6,551
Unassigned	5,132,154	5,536,238
<b>Total Fund Balances</b>	<u>5,168,431</u>	<u>5,560,551</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 8,390,417</u>	<u>\$ 8,024,784</u>

**CITY OF PALOS HILLS, ILLINOIS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES -  
BUDGET AND ACTUAL**

*YEAR ENDED APRIL 30, 2025*

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

	2025		Variance with Final Budget Positive (Negative)	2024
	Original and Final Budget	Actual		Actual
<b>Revenues:</b>				
Property taxes	\$ 2,340,000	\$ 2,513,472	\$ 173,472	\$ 2,543,951
Utility taxes	1,046,000	1,019,924	(26,076)	1,005,480
Licenses, permits and fees:				
Business licenses	110,000	99,529	(10,471)	121,825
Animal licenses	400	425	25	420
Building permits	307,500	398,744	91,244	287,583
Franchise fees	256,400	183,953	(72,447)	210,928
Recreational fees	276,500	337,851	61,351	314,099
Intergovernmental	4,746,676	6,392,732	1,646,056	5,594,823
Intragovernmental	300,000	300,000	-	300,000
Fines and forfeitures	852,500	679,938	(172,562)	876,543
Rental income	-	17,591	17,591	9,886
Interest income	15,000	192,872	177,872	150,438
Miscellaneous income	23,300	155,252	131,952	224,657
<b>Total Revenues</b>	<b>10,274,276</b>	<b>12,292,283</b>	<b>2,018,007</b>	<b>11,640,633</b>
<b>Expenditures:</b>				
Current:				
Personnel	5,530,722	6,071,290	(540,568)	5,868,534
Pension benefits	1,900,000	2,515,190	(615,190)	1,981,620
Hospital and medical insurance	730,000	665,914	64,086	655,130
Contractual	325,300	458,641	(133,341)	429,669
Commodities	352,650	461,132	(108,482)	392,401
Repairs and maintenance	187,663	181,105	6,558	195,291
Other	916,271	1,104,983	(188,712)	1,057,113
Legal department	168,700	153,710	14,990	214,470
Debt service:				
Principal retirement	5,800	310,648	(304,848)	307,274
Interest and fees	-	202,293	(202,293)	205,430
Capital outlay	197,170	1,024,992	(827,822)	840,417
<b>Total Expenditures</b>	<b>10,314,276</b>	<b>13,149,898</b>	<b>(2,835,622)</b>	<b>12,147,349</b>
Deficiency of Revenues over Expenditures	(40,000)	(857,615)	(817,615)	(506,716)
<b>Other Financing Sources:</b>				
Leases	-	-	-	13,775
Proceeds from sale of capital assets	40,000	17,295	(22,705)	5,840
Transfers in	-	448,200	448,200	644,803
<b>Total Other Financing Sources</b>	<b>40,000</b>	<b>465,495</b>	<b>425,495</b>	<b>664,418</b>
Net change in fund balances	-	(392,120)	(392,120)	157,702
Fund balances at beginning of year	5,560,551	5,560,551	-	5,402,849
Fund balances at end of year	<u>\$ 5,560,551</u>	<u>\$ 5,168,431</u>	<u>\$ (392,120)</u>	<u>\$ 5,560,551</u>

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

YEAR ENDED APRIL 30, 2025  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2024)

	2025		Variance with Final Budget Positive (Negative)	2024
	Original and Final Budget	Actual		Actual
General government:				
City administration:				
Salaries	\$ 576,000	\$ 542,692	\$ 33,308	\$ 541,040
Insurance	220,000	275,061	(55,061)	253,948
Office equipment	5,800	471	5,329	5,937
Office supplies	9,000	13,579	(4,579)	8,655
Miscellaneous	104,310	118,610	(14,300)	169,630
Total City Administration	915,110	950,413	(35,303)	979,210
Vehicle tax:				
Printing forms	500	2,238	(1,738)	295
Employee benefits:				
Health and welfare insurance	730,000	665,914	64,086	655,130
Workmen's compensation claims	5,000	-	5,000	3,450
General liability claims	1,000	949	51	-
Social Security	200,000	189,688	10,312	205,975
Illinois Municipal Retirement Fund	100,000	100,495	(495)	71,476
Accrued unemployment compensation	5,000	3,920	1,080	3,136
Total employee benefits	1,041,000	960,966	80,034	939,167
Legal:				
City attorney	19,200	19,200	-	19,200
City prosecutor	39,000	39,000	-	39,000
Outside professional services	90,000	89,110	890	70,195
Legal - union labor	20,500	6,400	14,100	86,075
Total Legal	168,700	153,710	14,990	214,470
Other:				
Audit	60,000	137,255	(77,255)	116,439
Advisory boards and commissions	10,800	64,311	(53,511)	58,076
Total Other	70,800	201,566	(130,766)	174,515
Total General Government	2,196,110	2,268,893	(72,783)	2,307,657

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

YEAR ENDED APRIL 30, 2025  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2024)

	2025		Variance with Final Budget Positive (Negative)	2024
	Original and Final Budget	Actual		Actual
<b>Parks:</b>				
Salaries	\$ 332,495	\$ 386,308	\$ (53,813)	\$ 332,578
Maintenance	25,000	36,232	(11,232)	26,664
Supplies	22,400	21,135	1,265	19,157
Field trips	5,000	4,421	579	2,920
Special events	123,500	203,958	(80,458)	175,419
Miscellaneous	25,000	52,594	(27,594)	23,859
<b>Total Parks</b>	<b>533,395</b>	<b>704,648</b>	<b>(171,253)</b>	<b>580,597</b>
<b>Public Safety:</b>				
Police protection:				
Salaries	3,878,657	4,336,762	(458,105)	4,213,088
Equipment rentals	23,500	22,647	853	21,545
Gasoline and maintenance	162,663	144,873	17,790	168,627
Ammunition, uniforms, and police supplies	76,600	73,272	3,328	62,509
Employee benefits - police pension	1,800,000	2,414,695	(614,695)	1,910,144
Seminars and training	49,000	44,010	4,990	44,332
Miscellaneous	560,661	568,235	(7,574)	534,383
<b>Total Public Safety</b>	<b>6,551,081</b>	<b>7,604,494</b>	<b>(1,053,413)</b>	<b>6,954,628</b>
<b>Public Works:</b>				
Building and zoning:				
Salaries	303,301	384,929	(81,628)	358,447
Consulting engineer	-	-	-	15,483
Miscellaneous	11,000	14,238	(3,238)	7,817
<b>Total Building and Zoning</b>	<b>314,301</b>	<b>399,167</b>	<b>(84,866)</b>	<b>381,747</b>
Building	21,800	23,678	(1,878)	22,254
Street Lighting	30,250	37,499	(7,249)	32,349
Streets:				
Salaries	229,269	226,042	3,227	210,820
Materials	51,100	70,919	(19,819)	42,639
Vehicles	157,500	244,257	(86,757)	221,155
Miscellaneous	26,500	32,368	(5,868)	40,382
<b>Total Streets</b>	<b>464,369</b>	<b>573,586</b>	<b>(109,217)</b>	<b>514,996</b>
<b>Total Public Works</b>	<b>830,720</b>	<b>1,033,930</b>	<b>(203,210)</b>	<b>951,346</b>

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

*YEAR ENDED APRIL 30, 2025*  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2024)*

	2025		Variance with Final Budget Positive (Negative)	2024
	Original and Final Budget	Actual		Actual
Debt Service:				
Principal retirement	\$ 5,800	\$ 310,648	\$ (304,848)	\$ 307,274
Interest and fees	-	202,293	(202,293)	205,430
Total Debt Service	5,800	512,941	(507,141)	512,704
Capital Outlay:				
General government	113,000	114,503	(1,503)	237,815
Public safety	77,170	122,899	(45,729)	595,223
Public works	7,000	787,590	(780,590)	7,379
Total Capital Outlay	197,170	1,024,992	(827,822)	840,417
Total Expenditures	\$ 10,314,276	\$ 13,149,898	\$ (2,835,622)	\$ 12,147,349

**CAPITAL PROJECTS FUND**

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

*APRIL 30, 2025 (WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2024)*

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,038,926	\$ 1,564,110
Other receivables	103,222	102,744
Due from other funds	476,692	8,105
<b>Total Assets</b>	<u>\$ 1,618,840</u>	<u>\$ 1,674,959</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 122,422	\$ 215,974
Due to other funds	179	60
<b>Total Liabilities</b>	122,601	216,034
<b>FUND BALANCES</b>		
Committed	1,496,239	1,458,925
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,618,840</u>	<u>\$ 1,674,959</u>

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

*YEAR ENDED APRIL 30, 2025*  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2024)*

	<u>2025</u>	<u>2024</u>
Revenues:		
Licenses, permits, and fees:		
Capital improvement surcharge	\$ 1,239,517	\$ 1,249,505
Intergovernmental	44,860	335,734
Interest income	24,649	35,042
Total Revenues	<u>1,309,026</u>	<u>1,620,281</u>
Expenditures:		
Capital outlay	<u>973,512</u>	<u>1,107,490</u>
Excess of Revenues over Expenditures	<u>335,514</u>	<u>512,791</u>
Other Financing Sources (Uses):		
Proceeds from sale of capital assets	-	11,850
Transfers out	<u>(298,200)</u>	<u>(297,800)</u>
Total Other Financing Sources (Uses)	<u>(298,200)</u>	<u>(285,950)</u>
Net change in fund balances	37,314	226,841
Fund balances at beginning of year	<u>1,458,925</u>	<u>1,232,084</u>
Fund balances at end of year	<u>\$ 1,496,239</u>	<u>\$ 1,458,925</u>

**MOTOR FUEL TAX FUND**

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

*APRIL 30, 2025*  
*(WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2024)*

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 243,018	\$ 509,099
Due from other funds	124,771	3,299
Due from other governmental units	111,337	79,064
<b>Total Assets</b>	<u>\$ 479,126</u>	<u>\$ 591,462</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 106,811	\$ 27,355
<b>FUND BALANCES</b>		
Restricted	372,315	564,107
<b>Total Liabilities and Fund Balances</b>	<u>\$ 479,126</u>	<u>\$ 591,462</u>

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

*YEAR ENDED APRIL 30, 2025*  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2024)*

	<u>2025</u>	<u>2024</u>
Revenues:		
Intergovernmental	\$ 1,109,399	\$ 1,022,362
Interest income	2,483	2,717
Total Revenues	<u>1,111,882</u>	<u>1,025,079</u>
Expenditures:		
Current:		
Public works	<u>1,303,674</u>	<u>1,679,284</u>
Net change in fund balances	(191,792)	(654,205)
Fund balances at beginning of year	<u>564,107</u>	<u>1,218,312</u>
Fund balances at end of year	<u><u>\$ 372,315</u></u>	<u><u>\$ 564,107</u></u>

**MAJOR PROPRIETARY FUNDS**

**WATERWORKS AND SEWERAGE FUND**

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

APRIL 30, 2025

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE APRIL 30, 2024)

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 3,739,853	\$ 4,439,043
Receivables:		
Accounts billed	95,997	54,845
Accounts unbilled	602,007	573,396
Due from other funds	250,351	1,820
Prepaid items	48,611	41,706
Total Current Assets	<u>4,736,819</u>	<u>5,110,810</u>
Noncurrent Assets:		
Net pension asset	18,438	-
Capital assets being depreciated, net	4,762,121	4,836,747
Total Noncurrent Assets	<u>4,780,559</u>	<u>4,836,747</u>
<b>Total Assets</b>	<u>9,517,378</u>	<u>9,947,557</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	353,239	801,248
Deferred outflows of resources related to other postemployment benefits	503,790	572,107
<b>Total Deferred Outflows of Resources</b>	<u>857,029</u>	<u>1,373,355</u>

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

APRIL 30, 2025  
(WITH COMPARATIVE TOTALS FOR THE APRIL 30, 2024)

	<u>2025</u>	<u>2024</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	\$ 361,859	\$ 336,792
Accrued payroll	23,741	88,986
Due to other funds	-	34,799
Deposits	795	-
Current portion of leases	2,255	2,120
Current portion of installment contracts	102,337	96,827
Current portion of compensated absences	79,891	19,811
Current portion of other postemployment benefits liability	50,800	50,000
Total Current Liabilities	<u>621,678</u>	<u>629,335</u>
Noncurrent Liabilities:		
Leases, less current portion	4,083	6,338
Installment contracts, less current portion	343,295	445,633
Compensated absences	140,275	-
Net pension liability	-	326,125
Total other postemployment benefits liability	746,915	755,703
Total Noncurrent Liabilities	<u>1,234,568</u>	<u>1,533,799</u>
<b>Total Liabilities</b>	<u>1,856,246</u>	<u>2,163,134</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions	44,274	108,294
Deferred inflows of resources related to other postemployment benefits	329,455	344,020
Total Deferred Inflows of Resources	<u>373,729</u>	<u>452,314</u>
<b>NET POSITION</b>		
Net investment in capital assets	4,310,151	4,285,829
Unrestricted	3,834,281	4,419,635
Total Net Position	<u>\$ 8,144,432</u>	<u>\$ 8,705,464</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, 2025*  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2024)*

	2025		2024	
	Original and Final Budget	Actual	Variance with Final Budget	Actual
<b>Operating Revenues:</b>				
Charges for services	\$ 6,790,636	\$ 7,028,272	\$ 237,636	\$ 6,958,503
Permits and fees	20,000	29,150	9,150	13,370
Miscellaneous income	21,025	39,864	18,839	24,801
Total Operating Revenues	<u>6,831,661</u>	<u>7,097,286</u>	<u>265,625</u>	<u>6,996,674</u>
<b>Operating Expenses:</b>				
Personnel	1,932,759	2,187,999	(255,240)	1,915,174
Employee benefits	846,700	950,886	(104,186)	562,002
Water purchases	2,595,082	2,612,008	(16,926)	2,505,192
Electrical energy	49,025	59,452	(10,427)	56,232
Systems maintenance	269,600	448,681	(179,081)	365,303
Contractual services	457,200	615,198	(157,998)	466,549
Intragovernmental	300,000	300,000	-	300,000
Rental, repairs, and maintenance	71,500	93,916	(22,416)	71,109
Miscellaneous	98,600	78,486	20,114	177,245
Depreciation	-	253,275	(253,275)	211,338
Capital outlay	78,500	192,773	(114,273)	95,399
Total Operating Expenses				
Including Capitalized Items	6,698,966	7,792,674	(1,093,708)	6,725,543
Less capitalized items	<u>(78,500)</u>	<u>(178,649)</u>	<u>100,149</u>	<u>(67,242)</u>
Total Operating Expenses	<u>6,620,466</u>	<u>7,614,025</u>	<u>(993,559)</u>	<u>6,658,301</u>
Operating Income (Loss)	<u>211,195</u>	<u>(516,739)</u>	<u>(727,934)</u>	<u>338,373</u>
<b>Nonoperating Revenue (Expense):</b>				
Interest income	145,000	157,116	12,116	166,937
Interest expense	-	(51,409)	(51,409)	(2,355)
Total Nonoperating Revenue (Expense)	<u>\$ 145,000</u>	<u>\$ 105,707</u>	<u>\$ (39,293)</u>	<u>\$ 164,582</u>

**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, 2025*  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2024)*

	<b>2025</b>		<b>2024</b>	
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>	<b>Actual</b>
Income (Loss) before Transfers	\$ 356,195	\$ (411,032)	\$ (767,227)	\$ 502,955
Transfers out	(150,000)	(150,000)	-	(150,000)
Change in net position	206,195	(561,032)	(767,227)	352,955
Net position at beginning of year	8,705,464	8,705,464	-	8,352,509
Net position at end of year	<u>\$ 8,911,659</u>	<u>\$ 8,144,432</u>	<u>\$ (767,227)</u>	<u>\$ 8,705,464</u>
Other budgeted expenditures:				
Long-Term Debt Principal	<u>\$ 127,695</u>	<u>\$ 98,948</u>	<u>\$ 28,747</u>	<u>\$ 74,514</u>

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

*YEAR ENDED APRIL 30, 2025*  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2024)*

	2025		2024	
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Personnel:				
Salaries and wages	\$ 1,932,759	\$ 2,187,999	\$ (255,240)	\$ 1,915,174
Employee Benefits:				
Health and welfare	581,700	661,883	(80,183)	229,322
FICA Social Security tax	155,000	152,378	2,622	147,306
IMRF pension	110,000	136,625	(26,625)	185,374
Total Employee Benefits	846,700	950,886	(104,186)	562,002
Water Purchases	2,595,082	2,612,008	(16,926)	2,505,192
Electrical Energy	49,025	59,452	(10,427)	56,232
Systems Maintenance:				
Materials for water installation	15,000	14,400	600	23,870
Materials for sewer installation	1,500	1,674	(174)	890
Materials for drainage	30,000	40,988	(10,988)	45,128
Meter purchases and repairs	72,000	136,314	(64,314)	163,525
Purification supplies	2,000	3,282	(1,282)	2,857
Laboratory services	12,000	7,756	4,244	11,525
Gasoline diesel	78,000	58,973	19,027	57,482
Maintenance:				
Lift stations	15,000	97,579	(82,579)	10,843
Sanitary sewers	39,000	82,843	(43,843)	45,184
Heating - fuel and light	5,100	4,872	228	3,999
Total Systems Maintenance	269,600	448,681	(179,081)	365,303

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

*YEAR ENDED APRIL 30, 2025*  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2024)*

	<b>2025</b>			<b>2024</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	\$ 83,782	\$ 1,218	\$ 74,319
Office equipment	2,100	3,616	(1,516)	995
Postage	41,000	46,733	(5,733)	42,324
Telephone	4,800	4,932	(132)	5,029
Audit	38,000	36,267	1,733	34,904
Engineering	22,000	163,217	(141,217)	53,989
Liability insurance	260,000	272,390	(12,390)	252,677
Office supplies	4,300	4,261	39	2,312
Total Contractual Services	<u>457,200</u>	<u>615,198</u>	<u>(157,998)</u>	<u>466,549</u>
Intragovernmental	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Rental, Repairs, and Maintenance:				
Tools and equipment rentals	33,500	34,438	(938)	37,555
Sewer system rehabilitation	38,000	59,478	(21,478)	33,554
Total Rental, Repairs, and Maintenance	<u>71,500</u>	<u>93,916</u>	<u>(22,416)</u>	<u>71,109</u>
Miscellaneous	<u>98,600</u>	<u>78,486</u>	<u>20,114</u>	<u>177,245</u>
Depreciation	<u>-</u>	<u>253,275</u>	<u>(253,275)</u>	<u>211,338</u>
Capital outlay	<u>78,500</u>	<u>192,773</u>	<u>(114,273)</u>	<u>95,399</u>
Total operating expenses including capitalized items	<u>6,698,966</u>	<u>7,792,674</u>	<u>(1,093,708)</u>	<u>6,725,543</u>
Less capitalized items	<u>(78,500)</u>	<u>(178,649)</u>	<u>100,149</u>	<u>(67,242)</u>
Total Operating Expenses	<u>\$ 6,620,466</u>	<u>\$ 7,614,025</u>	<u>\$ (993,559)</u>	<u>\$ 6,658,301</u>

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

*YEAR ENDED APRIL 30, 2025*  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2024)*

	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers and users	\$ 7,027,523	\$ 6,990,947
Payments to suppliers	(4,202,908)	(3,939,123)
Payments for personnel	(2,918,585)	(2,719,463)
Net cash flows from operating activities	<u>(93,970)</u>	<u>332,361</u>
<b>Cash flows from noncapital financing activities:</b>		
Collection of advances made to other funds	(248,531)	3,220
Repayments of advances received from other funds	(34,799)	(391,472)
Transfers to other funds	(150,000)	(150,000)
Net cash flows from noncapital financing activities	<u>(433,330)</u>	<u>(538,252)</u>
<b>Cash flows from capital and related financing activities:</b>		
Capital asset additions	(178,649)	(67,242)
Principal payments on installment contracts	(96,828)	(73,789)
Principal payments on leases	(2,120)	(725)
Interest paid	(51,409)	(2,355)
Net cash flows from capital and related financing activities	<u>(329,006)</u>	<u>(144,111)</u>
<b>Cash flows from investing activities:</b>		
Interest income received	157,116	166,937
Net change in cash and cash equivalents	(699,190)	(183,065)
Cash and cash equivalents at beginning of year	4,439,043	4,622,108
Cash and cash equivalents at end of year	<u>\$ 3,739,853</u>	<u>\$ 4,439,043</u>
<b>Noncash capital and related financing activities:</b>		
Capital assets acquired from issuance of installment contracts	<u>\$ -</u>	<u>\$ 542,460</u>
Capital assets acquired from issuance of leases	<u>\$ -</u>	<u>\$ 9,183</u>

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

*YEAR ENDED APRIL 30, 2025*  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2024)*

	<u>2025</u>	<u>2024</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>		
Operating income (loss)	\$ (516,739)	\$ 338,373
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation	253,275	211,338
(Increase) decrease in:		
Receivables and other assets	(76,668)	(10,371)
Deferred outflows of resources related to pensions	448,009	(113,621)
Deferred outflows of resources related to other postemployment benefits	68,317	45,694
Increase (decrease) in:		
Accounts payable	25,067	35,308
Accrued payroll and compensated absences	135,110	21,700
Deposits	795	-
Net pension liability	(344,563)	(115,945)
Total other postemployment benefits liability	(7,988)	(10,734)
Deferred inflows of resources related to pensions	(64,020)	(187,915)
Deferred inflows of resources related to other postemployment benefits	(14,565)	118,534
Net cash flows from operating activities	<u>\$ (93,970)</u>	<u>\$ 332,361</u>

**GOLF COURSE FUND**

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

APRIL 30, 2025

(WITH COMPARATIVE AMOUNTS FOR THE APRIL 30, 2024)

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 50,013	\$ 41,541
Due from other funds	84,075	15,045
<b>Total Current Assets</b>	<b>134,088</b>	<b>56,586</b>
Noncurrent Assets:		
Net pension asset	908	-
Capital assets not being depreciated/amortized	2,215,779	2,215,779
Capital assets being depreciated/amortized, net	179,401	206,919
<b>Total Noncurrent Assets</b>	<b>2,396,088</b>	<b>2,422,698</b>
<b>Total Assets</b>	<b>2,530,176</b>	<b>2,479,284</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	17,580	34,533
Deferred outflows of resources related to other postemployment benefits	16,073	18,667
<b>Total Deferred Outflows of Resources</b>	<b>33,653</b>	<b>53,200</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	39,010	30,040
Accrued payroll	2,160	5,366
Due to other funds	858	1,001
Current portion of leases	4,672	7,628
Current portion of installment contracts	18,067	17,100
Current portion of compensated absences	4,765	4,024
Current other postemployment benefits liability	950	1,000
<b>Total Current Liabilities</b>	<b>70,482</b>	<b>66,159</b>
Noncurrent Liabilities:		
Leases, less current portion	-	4,672
Installment contracts, less current portion	38,970	57,037
Compensated absences	5,679	-
Net pension liability	-	14,056
Total other postemployment benefits liability	14,006	14,131
<b>Total Noncurrent Liabilities</b>	<b>58,655</b>	<b>89,896</b>
<b>Total Liabilities</b>	<b>129,137</b>	<b>156,055</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions	3,236	7,278
Deferred inflows of resources related to other postemployment benefits	5,253	5,623
<b>Total Deferred Inflows of Resources</b>	<b>8,489</b>	<b>12,901</b>
<b>NET POSITION</b>		
Net investment in capital assets	2,333,471	2,336,261
Unrestricted	92,732	27,267
<b>Total Net Position</b>	<b>\$ 2,426,203</b>	<b>\$ 2,363,528</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, 2025*

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

	2025		2024	
	Original and Final Budget	Actual	Variance with Final Budget	Actual
<b>Operating Revenues:</b>				
Charges for services	\$ 310,000	\$ 433,691	\$ 123,691	\$ 370,111
Retail and concession sales	48,000	76,249	28,249	65,535
Miscellaneous income	15,000	3,466	(11,534)	6,918
Total Operating Revenues	<u>373,000</u>	<u>513,406</u>	<u>140,406</u>	<u>442,564</u>
<b>Operating Expenses:</b>				
Personnel	139,085	163,603	(24,518)	157,352
Employee benefits	17,400	28,238	(10,838)	12,987
Cost of sales	18,000	35,866	(17,866)	23,545
Contractual services	31,000	36,094	(5,094)	33,451
Commodities and supplies	35,100	83,068	(47,968)	43,801
Rental, repairs, and maintenance	1,100	975	125	894
Miscellaneous	38,150	70,957	(32,807)	71,358
Depreciation / amortization	-	48,910	(48,910)	49,543
Total operating expenses including capitalized items	<u>279,835</u>	<u>467,711</u>	<u>(187,876)</u>	<u>392,931</u>
Less capitalized items	<u>(14,000)</u>	<u>(21,392)</u>	<u>7,392</u>	<u>(45,475)</u>
Total Operating Expenses	<u>265,835</u>	<u>446,319</u>	<u>(180,484)</u>	<u>347,456</u>
Operating Income	<u>107,165</u>	<u>67,087</u>	<u>(40,078)</u>	<u>95,108</u>
<b>Nonoperating Revenue (Expense):</b>				
Interest income	-	37	37	47
Interest expense	<u>(3,000)</u>	<u>(4,449)</u>	<u>(1,449)</u>	<u>(5,834)</u>
Total Nonoperating Revenue (Expense)	<u>(3,000)</u>	<u>(4,412)</u>	<u>(1,412)</u>	<u>(5,787)</u>
Change in net position	104,165	62,675	(41,490)	89,321
Net position at beginning of year	<u>2,363,528</u>	<u>2,363,528</u>	<u>-</u>	<u>2,274,207</u>
Net position at end of year	<u>\$ 2,467,693</u>	<u>\$ 2,426,203</u>	<u>\$ (41,490)</u>	<u>\$ 2,363,528</u>
<b>Other budgeted expenditures:</b>				
Long-term debt principal	<u>\$ 43,177</u>	<u>\$ 24,728</u>	<u>\$ 18,449</u>	<u>\$ 23,343</u>

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

*YEAR ENDED APRIL 30, 2025*  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2024)*

	2025			2024
	Original and Final Budget	Actual	Variance with Final Budget	Actual
<b>Personnel:</b>				
Salaries and wages	\$ 70,085	\$ 78,619	\$ (8,534)	\$ 72,377
Labor	69,000	84,984	(15,984)	84,975
Total Personnel	139,085	163,603	(24,518)	157,352
<b>Employee Benefits:</b>				
FICA Social Security tax	-	12,024	(12,024)	12,140
IMRF pension	17,400	16,214	1,186	847
Total Employee Benefits	17,400	28,238	(10,838)	12,987
<b>Cost of Sales:</b>				
Food	15,000	21,469	(6,469)	16,606
Merchandise	3,000	14,397	(11,397)	6,939
Total Cost of Sales	18,000	35,866	(17,866)	23,545
<b>Contractual Services:</b>				
Utilities	8,500	9,954	(1,454)	9,480
Insurance	14,000	16,690	(2,690)	14,772
Dues	1,000	785	215	665
Sales and use tax	5,000	6,157	(1,157)	5,366
Rental	1,000	730	270	2,611
Uniforms	700	354	346	388
Licenses	800	1,424	(624)	169
Total Contractual Services	31,000	36,094	(5,094)	33,451

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

*YEAR ENDED APRIL 30, 2025*  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2024)*

	<b>2025</b>			<b>2024</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	\$ 7,046	\$ (146)	\$ 6,183
Seed, sod, and flowers	1,200	1,752	(552)	4,089
Fertilizer	4,000	5,806	(1,806)	4,401
Pesticides	16,000	44,670	(28,670)	17,514
Supplies	4,000	15,957	(11,957)	6,387
Irrigation and drainage	3,000	7,837	(4,837)	5,227
Total Commodities and Supplies	<u>35,100</u>	<u>83,068</u>	<u>(47,968)</u>	<u>43,801</u>
Rental, Repairs, and Maintenance:				
Safety equipment/inspections	1,100	975	125	716
Maintenance equipment	-	-	-	178
Total Rental, Repairs, Mnd maintenance	<u>1,100</u>	<u>975</u>	<u>125</u>	<u>894</u>
Miscellaneous:				
Services provided	4,300	2,898	1,402	2,785
Golf capital outlay	14,000	37,407	(23,407)	50,321
Other	19,850	30,652	(10,802)	18,252
Total Miscellaneous	<u>38,150</u>	<u>70,957</u>	<u>(32,807)</u>	<u>71,358</u>
Depreciation / Amortization	<u>-</u>	<u>48,910</u>	<u>(48,910)</u>	<u>49,543</u>
Total Operating Expenses Including Capitalized Items	279,835	467,711	(187,876)	392,931
Less capitalized items	<u>(14,000)</u>	<u>(21,392)</u>	<u>7,392</u>	<u>(45,475)</u>
Total Operating Expenses	<u>\$ 265,835</u>	<u>\$ 446,319</u>	<u>\$ (180,484)</u>	<u>\$ 347,456</u>

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

*YEAR ENDED APRIL 30, 2025*

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

	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers and users	\$ 513,406	\$ 442,564
Payments to suppliers	(196,598)	(123,082)
Payments for personnel	(188,631)	(184,433)
Net cash flows from operating activities	<u>128,177</u>	<u>135,049</u>
<b>Cash flows from noncapital financing activities:</b>		
Advances made to other funds	(69,030)	(15,045)
Repayments of advances received from other funds	(143)	(27,818)
Net cash flows from noncapital financing activities	<u>(69,173)</u>	<u>(42,863)</u>
<b>Cash flows from capital and related financing activities:</b>		
Capital asset additions	(21,392)	(45,475)
Principal payments on installment contracts	(17,100)	(16,173)
Principal payments on leases	(7,628)	(7,170)
Interest paid	(4,449)	(5,834)
Net cash flows from capital and related financing activities	<u>(50,569)</u>	<u>(74,652)</u>
<b>Cash flows from investing activities:</b>		
Interest income received	<u>37</u>	<u>47</u>
Net change in cash and cash equivalents	8,472	17,581
Cash and cash equivalents at beginning of year	<u>41,541</u>	<u>23,960</u>
Cash and cash equivalents at end of year	<u>\$ 50,013</u>	<u>\$ 41,541</u>

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

*YEAR ENDED APRIL 30, 2025*  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2024)*

	<u>2025</u>	<u>2024</u>
<b>Reconciliation of operating income to net cash flows from operating activities:</b>		
Operating income	\$ 67,087	\$ 95,108
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	48,910	49,543
(Increase) decrease in:		
Deferred outflows of resources related to pensions	16,953	(8,993)
Deferred outflows of resources related to other postemployment benefits	2,594	2,815
Increase (decrease) in:		
Accounts payable	8,970	4,492
Accrued payroll and compensated absences	3,214	(86)
Net pension liability	(14,964)	(2,363)
Total other postemployment benefits liability	(175)	(588)
Deferred inflows of resources related to pensions	(4,042)	(6,161)
Deferred inflows of resources related to other postemployment benefits	(370)	1,282
Net cash flows from operating activities	<u>\$ 128,177</u>	<u>\$ 135,049</u>

**NONMAJOR GOVERNMENTAL FUNDS**

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

*APRIL 30, 2025*  
*(WITH COMPARATIVE TOTALS FOR APRIL 30, 2024)*

	Special Revenue	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds	
	DEA / Customs Revenue	OSLAD Grant	Park Development	2025	2024
<b>ASSETS</b>					
Cash and cash equivalents	\$ 77,321	\$ 2,080	\$ 119,835	\$ 199,236	\$ 313,614
Due from other funds	1,413	-	-	1,413	-
<b>Total Assets</b>	<b>\$ 78,734</b>	<b>\$ 2,080</b>	<b>\$ 119,835</b>	<b>\$ 200,649</b>	<b>\$ 313,614</b>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ 139,933	\$ -	\$ 139,933	\$ -
<b>Total Liabilities</b>	<b>-</b>	<b>139,933</b>	<b>-</b>	<b>139,933</b>	<b>-</b>
<b>FUND BALANCES</b>					
Restricted	78,734	-	-	78,734	178,431
Assigned	-	-	119,835	119,835	135,183
Unassigned	-	(137,853)	-	(137,853)	-
<b>Total Fund Balances</b>	<b>78,734</b>	<b>(137,853)</b>	<b>119,835</b>	<b>60,716</b>	<b>313,614</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 78,734</b>	<b>\$ 2,080</b>	<b>\$ 119,835</b>	<b>\$ 200,649</b>	<b>\$ 313,614</b>

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

APRIL 30, 2025

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED APRIL 30, 2024)

	Special Revenue	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds	
	DEA / Customs Revenue	OSLAD Grant	Park Development	2025	2024
Revenues:					
Intergovernmental	\$ 86,540	\$ 146,050	\$ -	\$ 232,590	\$ 42,918
Interest income	81	-	65	146	520
Miscellaneous income	-	-	28,000	28,000	26,200
Total Revenues	<u>86,621</u>	<u>146,050</u>	<u>28,065</u>	<u>260,736</u>	<u>69,638</u>
Expenditures:					
Capital outlay	106,592	283,903	43,413	433,908	130,023
Debt service:					
Principal	64,903	-	-	64,903	61,384
Interest	14,823	-	-	14,823	18,342
Total Expenditures	<u>186,318</u>	<u>283,903</u>	<u>43,413</u>	<u>513,634</u>	<u>209,749</u>
Deficiency of revenues over expenditures	<u>(99,697)</u>	<u>(137,853)</u>	<u>(15,348)</u>	<u>(252,898)</u>	<u>(140,111)</u>
Other financing sources (uses):					
Proceeds from sale of capital assets	-	-	-	-	1,400
Transfers out	-	-	-	-	(197,003)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(195,603)</u>
Net change in fund balances	(99,697)	(137,853)	(15,348)	(252,898)	(335,714)
Fund balances at beginning of year	178,431	-	135,183	313,614	649,328
Fund balances (deficit) at end of year	<u>\$ 78,734</u>	<u>\$ (137,853)</u>	<u>\$ 119,835</u>	<u>\$ 60,716</u>	<u>\$ 313,614</u>

**SPECIAL REVENUE FUND**

**DEA / CUSTOMS REVENUE FUND**

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

*APRIL 30, 2025*  
*(WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2024)*

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 77,321	\$ 178,431
Due from other funds	1,413	-
<b>Total Assets</b>	<u>\$ 78,734</u>	<u>\$ 178,431</u>
<b>FUND BALANCES</b>		
Restricted	<u>\$ 78,734</u>	<u>\$ 178,431</u>

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

*YEAR ENDED APRIL 30, 2025*  
*(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED APRIL 30, 2024)*

	<u>2025</u>	<u>2024</u>
Revenues:		
Intergovernmental	\$ 86,540	\$ 42,918
Interest income	81	447
Total Revenues	<u>86,621</u>	<u>43,365</u>
Expenditures:		
Capital outlay	106,592	81,762
Debt service:		
Principal	64,903	61,384
Interest	14,823	18,342
Total Expenditures	<u>186,318</u>	<u>161,488</u>
Deficiency of Revenues over Expenditures	<u>(99,697)</u>	<u>(118,123)</u>
Other Financing Sources (Uses):		
Proceeds from sale of capital assets	-	1,400
Transfers out	-	(195,360)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(193,960)</u>
Net change in fund balances	(99,697)	(312,083)
Fund balances at beginning of year	<u>178,431</u>	<u>490,514</u>
Fund balances at end of year	<u>\$ 78,734</u>	<u>\$ 178,431</u>

**CAPITAL PROJECTS FUND**

**PARK DEVELOPMENT FUND**

**CITY OF PALOS HILLS, ILLINOIS**  
**PARK DEVELOPMENT FUND**  
**BALANCE SHEET**

*APRIL 30, 2025*  
*(WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2024)*

---

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 119,835	\$ 135,183
<b>FUND BALANCES</b>		
Assigned	<u>\$ 119,835</u>	<u>\$ 135,183</u>

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

*YEAR ENDED APRIL 30, 2025*  
*(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED APRIL 30, 2024)*

	<u>2025</u>	<u>2024</u>
Revenues:		
Interest income	\$ 65	\$ 73
Miscellaneous income	28,000	26,200
Total Revenues	28,065	26,273
Expenditures:		
Capital outlay	43,413	48,261
Deficiency of Revenues over Expenditures	(15,348)	(21,988)
Other Financing Uses:		
Transfers out	-	(1,643)
Net change in fund balances	(15,348)	(23,631)
Fund balances at beginning of year	135,183	158,814
Fund balances at end of year	<u>\$ 119,835</u>	<u>\$ 135,183</u>

**FIDUCIARY FUND**

**PENSION TRUST FUND**

**POLICE PENSION FUND**

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

*APRIL 30, 2025*  
*(WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2024)*

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,239,802	\$ 884,509
Receivables:		
Other	21,247	21,247
Prepaid items	550	4,301
Investments:		
Pooled investments	26,926,419	25,165,924
<b>Total Assets</b>	<b>28,188,018</b>	<b>26,075,981</b>
<b>LIABILITIES</b>		
Accounts payable	129,218	126,408
<b>NET POSITION</b>		
Net position restricted for pensions	<b>\$ 28,058,800</b>	<b>\$ 25,949,573</b>

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

*YEAR ENDED APRIL 30, 2025*  
*(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED APRIL 30, 2024)*

	<u>2025</u>	<u>2024</u>
Additions		
Contributions:		
Employer	\$ 2,414,695	\$ 1,910,144
Employees	292,508	289,065
Total Contributions	<u>2,707,203</u>	<u>2,199,209</u>
Investment income	2,461,616	2,167,123
Less investment expense	<u>(17,269)</u>	<u>(13,079)</u>
Net Investment Income	<u>2,444,347</u>	<u>2,154,044</u>
Total Additions	<u>5,151,550</u>	<u>4,353,253</u>
Deductions:		
Benefit payments and refunds of member contributions	2,989,580	2,308,408
Administrative expenses	<u>52,743</u>	<u>55,203</u>
Total Deductions	<u>3,042,323</u>	<u>2,363,611</u>
Change in net position	2,109,227	1,989,642
Net position at beginning of year	<u>25,949,573</u>	<u>23,959,931</u>
Net position at end of year	<u>\$ 28,058,800</u>	<u>\$ 25,949,573</u>

**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, 2025

**ASSETS**

**Governmental funds capital assets:**

Land	\$ 5,404,581
Buildings	13,970,554
Furniture and fixtures	589,487
Infrastructure	2,290,724
Land improvements	1,740,425
Machinery and equipment	2,280,160
Vehicles	3,142,726
Right-to-use leased equipment	42,041
Total Governmental Funds Capital Assets	<u>\$ 29,460,698</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	6,071,478
Special revenue funds	2,387,084
Capital projects funds	10,404,194
Total Governmental Fund Capital Assets	<u>\$ 29,460,698</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, 2025*

<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	1,050,545	2,375,625	-	5,741,836
Public works	1,105,279	8,922,738	126,810	70,678	260,925	583,997	384,414	-	11,454,841
Total Governmental Funds Capital Assets	<u>\$ 5,404,581</u>	<u>\$ 13,970,554</u>	<u>\$ 589,487</u>	<u>\$ 2,290,724</u>	<u>\$ 1,740,425</u>	<u>\$ 2,280,160</u>	<u>\$ 3,142,726</u>	<u>\$ 42,041</u>	<u>\$ 29,460,698</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, 2025*

<b>Function and Activity</b>	<b>Balance May 1, 2024</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance April 30, 2025</b>
General government	\$ 7,671,351	\$ -	\$ -	\$ 7,671,351
Parks	4,592,670	-	-	4,592,670
Public safety	5,710,071	69,163	(37,398)	5,741,836
Public works	11,293,738	161,103	-	11,454,841
Total Governmental Funds				
Capital Assets	\$ 29,267,830	\$ 230,266	\$ (37,398)	\$ 29,460,698

## **STATISTICAL SECTION**

**CITY OF PALOS HILLS, ILLINOIS**  
**STATISTICAL SECTION**

YEAR ENDED APRIL 30, 2025

---

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	86
Changes in Net Position	87-88
General Government Tax Revenues by Source	89
Fund Balances of Governmental Funds	90
Changes in Fund Balances of Governmental Funds	91

*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	92
Property Tax Rates - Direct and Overlapping Governments	93
Principal Property Taxpayers	94
Property Tax Levies and Collections	95

*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	96
Direct and Overlapping Governmental Activities Debt	97
Legal Debt Margin Information	98

*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	99
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	100
Operating Indicators and Capital Asset Statistics by Function	101

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

*LAST TEN FISCAL YEARS*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental activities:										
Net investment in capital assets	\$ 12,708,752	\$ 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
Restricted	453,476	749,089	1,710,407	1,840,280	1,829,842	964,145	591,577	1,388,166	1,155,527	1,117,012
Unrestricted	(23,829,282)	(23,475,750)	(21,354,476)	(21,366,815)	(19,838,716)	(13,304,060)	(8,639,170)	(8,198,943)	(7,683,933)	(6,833,843)
Total governmental activities net position	(10,667,054)	(9,885,362)	(7,476,600)	(7,400,090)	(7,135,903)	(6,142,483)	(94,872)	1,289,353	1,605,277	2,458,435
Business-type activities:										
Net investment in capital assets	6,643,622	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
Unrestricted	3,927,013	4,446,902	3,954,319	3,922,433	714,960	690,088	389,009	782,905	315,557	(241,318)
Total business-type activities net position	10,570,635	11,068,992	10,626,716	10,631,859	7,403,612	7,339,789	7,179,268	7,521,733	7,135,185	6,647,541
Primary government:										
Net investment in capital assets	19,352,374	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
Restricted	453,476	749,089	1,710,407	1,840,280	1,829,842	964,145	591,577	1,388,166	1,155,527	1,117,012
Unrestricted	(19,902,269)	(19,028,848)	(17,400,157)	(17,444,382)	(19,123,756)	(12,613,972)	(8,250,161)	(7,416,038)	(7,368,376)	(7,075,161)
Total primary government net position	\$ (96,419)	\$ 1,183,630	\$ 3,150,116	\$ 3,231,769	\$ 267,709	\$ 1,197,306	\$ 7,084,396	\$ 8,811,086	\$ 8,740,462	\$ 9,105,976

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

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

*LAST TEN FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses:										
Governmental activities:										
General government	\$ 2,846,136	\$ 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
Parks	1,108,018	1,427,800	703,098	686,645	387,352	633,578	704,778	654,963	610,700	583,360
Public safety	7,788,117	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
Public works	3,998,447	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
Interest on long-term debt	182,196	204,449	233,824	239,555	271,549	253,763	74,701	69,756	125,383	35,544
Total Governmental Activities	15,922,914	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
Business-type activities:										
Waterworks and sewerage	7,665,434	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
Golf course	450,768	353,290	339,976	278,965	282,649	235,797	354,955	357,180	360,182	379,533
Total Business-type Activities	8,116,202	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
Total Primary Government	\$ 24,039,116	\$ 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
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 1,057,903	\$ 1,010,493	\$ 1,130,735	\$ 1,121,103	\$ 1,254,425	\$ 873,736	\$ 1,107,231	\$ 925,786	\$ 865,008	\$ 857,549
Parks	337,851	314,099	284,929	240,087	58,444	284,252	306,483	299,703	259,735	244,470
Public safety	688,417	909,174	762,204	814,473	802,506	716,702	1,047,399	1,034,400	765,086	897,557
Operating grants and contributions	733,127	148,632	1,206,455	1,446,410	1,049,809	785,154	517,712	716,864	541,057	531,380
Capital grants and contributions	1,154,259	1,358,096	1,776,135	1,960,661	1,312,783	63,000	-	-	-	-
Total Governmental Activities	3,971,557	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
Business-type activities:										
Charges for services:										
Waterworks and sewerage	7,097,286	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
Golf course	513,406	442,564	405,357	329,134	342,132	170,831	225,409	263,091	289,519	277,594
Total Business-type Activities	7,610,692	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
Total Primary Government	\$ 11,582,249	\$ 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

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

*LAST TEN FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net (expense) revenue:										
Governmental activities	\$ (11,951,357)	\$ (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)
Business-type activities	(505,510)	425,292	461,243	1,123,923	115,278	341,986	287,763	464,078	566,492	245,845
Total Primary Government	<u>\$ (12,456,867)</u>	<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>
General revenues and other changes in net position:										
Governmental activities:										
General revenues:										
Taxes:										
Property	\$ 2,513,472	\$ 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
Utility	1,019,924	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
Intergovernmental-unrestricted:										
State income	3,596,345	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
State sales	1,700,152	1,331,355	1,310,093	1,191,165	865,644	828,579	805,197	804,485	785,110	755,645
Local use	535,058	710,309	759,834	704,131	786,554	611,817	531,568	459,890	431,093	403,601
Personal property replacement	31,522	47,538	72,174	63,858	29,296	23,097	21,100	19,504	23,310	20,985
Interest income	220,150	188,717	73,625	2,178	16,681	108,095	22,481	9,716	6,915	5,987
Miscellaneous income	1,403,042	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
Transfers	150,000	150,000	518,050	(2,100,910)	83,516	234,077	318,729	82,149	82,136	81,934
Total Governmental Activities	<u>11,169,665</u>	<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>
Business-type activities:										
General revenues:										
Interest income	157,153	166,984	51,664	3,414	15,911	52,612	23,301	4,619	3,288	2,781
Gain on disposal of assets	-	-	-	-	16,150	-	-	-	-	-
Transfers	(150,000)	(150,000)	(518,050)	2,100,910	(83,516)	(234,077)	(318,729)	(82,149)	(82,136)	(81,934)
Total Business-type Activities	<u>7,153</u>	<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>
Total Primary Government	<u>\$ 11,176,818</u>	<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>
Changes in net position:										
Governmental activities	\$ (781,692)	\$ (2,408,762)	\$ (76,510)	\$ (264,187)	\$ (1,033,594)	\$ (6,047,611)	\$ (1,466,287)	\$ (315,924)	\$ (853,158)	\$ (225,165)
Business-type activities	(498,357)	442,276	(5,143)	3,228,247	63,823	160,521	(7,665)	386,548	487,644	166,692
Total Primary Government	<u>\$ (1,280,049)</u>	<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>

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

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

*LAST TEN FISCAL YEARS*

---

<b>Fiscal Year</b>	<b>Property Tax</b>		<b>Utility Taxes</b>		<b>Total</b>
2025	\$	2,513,472	\$	1,019,924	\$ 3,533,396
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

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

*LAST TEN FISCAL YEARS*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Fund:										
Nonspendable	\$ 33,850	\$ 17,762	\$ 37,062	\$ 36,238	\$ 2,519,984	\$ 2,438,398	\$ 2,370,574	\$ 2,244,582	\$ 2,149,840	\$ 2,077,203
Restricted	2,427	6,551	1,581	15,687	31,110	-	-	-	-	-
Unassigned	5,132,154	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
Total General Fund	<u>\$ 5,168,431</u>	<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>
All other governmental funds:										
Restricted	\$ 451,049	\$ 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
Committed	1,496,239	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
Assigned	119,835	135,183	158,814	144,781	121,658	105,205	155,051	247,428	261,305	250,035
Unassigned	(137,853)	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 1,929,270</u>	<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>

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

*LAST TEN FISCAL YEARS*

	<b>2025</b>	<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>Revenues:</b>										
Property taxes	\$ 2,513,472	\$ 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
Utility taxes	1,019,924	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
Licenses, permits and fees	2,260,019	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
Intergovernmental	7,779,581	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
Intragovernmental	300,000	300,000	300,000	300,000	450,000	260,000	260,000	260,000	260,000	260,000
Fines and forfeitures	679,938	876,543	761,794	814,113	802,086	716,237	1,046,739	1,033,215	764,221	896,752
Rental income	17,591	9,886	11,181	-	-	-	-	-	-	-
Interest income	220,150	188,717	73,625	2,178	16,681	108,095	22,481	9,716	6,915	5,987
Miscellaneous income	183,252	250,857	195,487	242,824	154,169	267,157	166,859	64,743	85,803	188,241
<b>Total Revenues</b>	<b>14,973,927</b>	<b>14,355,631</b>	<b>15,435,971</b>	<b>15,559,699</b>	<b>12,949,141</b>	<b>10,813,552</b>	<b>10,811,632</b>	<b>10,601,820</b>	<b>9,315,933</b>	<b>10,068,203</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	2,268,893	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
Parks	704,648	580,597	590,121	583,347	298,214	712,278	629,564	613,288	569,875	534,901
Public safety	7,604,494	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
Public works	2,337,604	2,630,630	2,113,584	1,898,994	1,602,077	1,058,539	1,883,441	843,018	928,976	996,744
<b>Debt service:</b>										
Principal retirement	375,551	368,658	497,305	535,733	524,563	540,941	820,000	919,457	878,392	842,425
Interest and fees	217,116	223,772	237,412	253,059	264,213	194,048	56,755	94,891	131,130	165,894
Debt issuance costs	-	-	-	-	-	-	194,750	-	-	-
Capital outlay	2,432,412	2,077,930	1,472,444	1,454,292	3,687,555	7,045,279	1,130,471	395,180	130,649	154,015
<b>Total Expenditures</b>	<b>15,940,718</b>	<b>15,143,872</b>	<b>13,796,657</b>	<b>13,456,874</b>	<b>14,376,588</b>	<b>17,170,560</b>	<b>12,281,898</b>	<b>10,150,528</b>	<b>9,750,774</b>	<b>9,467,642</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(966,791)</b>	<b>(788,241)</b>	<b>1,639,314</b>	<b>2,102,825</b>	<b>(1,427,447)</b>	<b>(6,357,008)</b>	<b>(1,470,266)</b>	<b>451,292</b>	<b>(434,841)</b>	<b>600,561</b>
<b>Other financing sources (uses):</b>										
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
Proceeds from sale of capital assets	17,295	19,090	-	-	20,450	-	57,700	-	-	-
Transfers in	448,200	644,803	832,835	760,971	2,248,963	555,954	318,729	93,452	92,621	91,808
Transfers out	(298,200)	(494,803)	(314,785)	(2,861,881)	-	(321,877)	-	(11,303)	(10,485)	(9,874)
<b>Total Other Financing Sources (Uses)</b>	<b>167,295</b>	<b>182,865</b>	<b>900,370</b>	<b>(2,100,910)</b>	<b>2,511,164</b>	<b>286,222</b>	<b>7,280,871</b>	<b>82,149</b>	<b>82,136</b>	<b>110,981</b>
<b>Net Change in Fund Balances</b>	<b>\$ (799,496)</b>	<b>\$ (605,376)</b>	<b>\$ 2,539,684</b>	<b>\$ 1,915</b>	<b>\$ 1,083,717</b>	<b>\$ (6,070,786)</b>	<b>\$ 5,810,605</b>	<b>\$ 533,441</b>	<b>\$ (352,705)</b>	<b>\$ 711,542</b>
<b>Debt Service as a Percentage of Non-capital Expenditures</b>	<b>3.772%</b>	<b>4.059%</b>	<b>5.497%</b>	<b>6.507%</b>	<b>7.222%</b>	<b>6.654%</b>	<b>7.397%</b>	<b>10.056%</b>	<b>10.436%</b>	<b>10.801%</b>

**CITY OF PALOS HILLS, ILLINOIS**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

*LAST TEN LEVY YEARS*

<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.

This is the most recent available information.

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).

This is the most recent available information.

Source: Cook County, Illinois Tax Extension Division

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

APRIL 30, 2025

Taxpayer	Type of Business	2023		2014		% of Total Equalized Assessed Valuation	% 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, retail stores, apartments	4,512,318	3	0.87	1,486,549	6	0.45
R&D Management	Industrial properties	4,040,057	4	0.78	3,279,148	2	1.00
Palos Hills Realty LLC	Parcels of vacant land, two 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			
Nick Kontos	Gas stations and commercial 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			
Palos Hills Extended	Two-Three Story Retail and 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>

This is the most recent available information.  
Source: Cook County – 2023 and 2014 Real Estate Files

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

*LAST TEN FISCAL YEARS*

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%	\$ 1,203,241	\$ 2,470,905	96.08%
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

This is the most recent available information.

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

APRIL 30, 2025

Fiscal Year Ended April 30	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Debt Certificates	Installment Contracts Payable	Lease Payable	Installment Contracts Payable	Leases Payable			
2025	\$ 5,016,413	\$ 216,871	\$ 18,074	\$ 502,669	\$ 11,010	\$ 5,765,037	0.73 %	\$ 315
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

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, 2025

<u>Overlapping Agencies</u>	<b>2023 Equalized Assessed Valuation *</b>	<b>Outstanding Debt</b>	<u>Applicable to City</u>	
			<b>Percent *</b>	<b>Amount</b>
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	5,251,358		5,251,358
Total direct and overlapping debt				<u>\$ 26,216,029</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>2025</b>	<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>
Debt limit	\$ 44,810,272	\$ 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
Total net debt applicable to limit	5,765,037	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
Legal debt margin	<u>\$ 39,045,235</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	<u>12.87%</u>	<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>
Equalized assessed valuation of taxable property (2023 levy; the most recent information available)						\$ 519,539,384				
Legal applicable rate						<u>8.625%</u>				
Legal applicable limit						44,810,272				
Less: Debt certificates						(5,016,413)				
Less: Installment contracts						(719,540)				
Less: Leases payable						<u>(29,084)</u>				
Legal debt margin						<u>\$ 39,045,235</u>				

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	
2025	18,278	793,060	39,791	5.70%	42.2	4,181	7,606	4,440
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

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*

	<b>2025</b>	<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>
Function:										
Public safety - Police:										
Officers	30	29	31	29	31	31	30	31	31	31
Civilians	11	11	11	11	12	13	10	8	6	3
Public works	22	22	22	22	21	20	20	19	19	18
Culture and recreation:										
Resource and recreation	4	4	4	4	4	5	5	5	5	5
Golf	1	1	1	1	1	1	1	1	1	1
General government	6	3	5	4	5	5	6	6	6	6
Total	<b>74</b>	<b>70</b>	<b>74</b>	<b>71</b>	<b>74</b>	<b>75</b>	<b>72</b>	<b>70</b>	<b>68</b>	<b>64</b>

Source: Internal City records.

**CITY OF PALOS HILLS, ILLINOIS**  
**OPERATING INDICATORS AND CAPITAL ASSET STATISTICS BY FUNCTION**

**LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Function:</b>										
Public safety:										
Police department:										
Arrests	246	194	207	257	198	237	360	355	388	453
Traffic violations	3,137	2,334	1,640	1,758	1,435	2,170	3,457	3,464	4,189	4,732
Parking violations	1,361	1,064	1,418	1,516	2,444	3,098	3,882	4,019	4,013	3,732
Public works:										
Streets resurfaced (in miles)	3	1	3	3	3	-	5	-	-	-
Building and community development:										
Building permits issued:										
Commercial	-	-	-	2	-	-	-	1	-	-
Single units	6	5	6	2	-	6	6	5	2	7
Multiple unit	1	-	4	-	-	-	-	-	-	1
Building value	\$ 2,719,000	\$ 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
Number of dwelling units	7,984	7,976	7,972	7,951	7,953	7,946	7,944	7,942	7,937	7,935
Number of registered voters	11,729	11,729	11,729	11,571	12,498	11,296	11,209	11,047	11,428	14,718
Education - public - June enrollment	4,336	4,336	2,793	4,706	4,626	4,974	4,142	4,261	5,729	5,610
Waterworks and sewerage:										
Number of properties served by the combined waterworks and sewerage system	6,310	6,322	6,310	6,310	6,308	6,305	6,302	6,295	6,290	6,390
Number of metered customers served by the combined waterworks and sewerage system	7,699	7,712	7,699	7,699	7,695	7,692	7,689	7,682	7,672	7,814
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	72	62	65	72	75	70	80	87	85	69
Average daily consumption (in 000's)	1,180	1,180	1,180	1,180	1,180	1,180	1,184	1,184	1,172	1,164
Gallons per customer	142	142	142	142	142	142	143	143	150	149
Gallons per capita	68	68	68	68	68	68	68	68	67	66
Total gallons purchased and pumped by the City (in 000's)	490,000	483,000	482,000	487,000	500,196	482,491	508,253	494,659	489,679	490,634
Total gallons billed (in 000's)	415,000	406,000	412,000	424,000	435,156	423,367	425,356	432,309	459,105	425,192
<b>Function:</b>										
Public safety - Police department:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	29	29	29	29	31	31	29	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	416	435	433	433
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	871	872	871	871	873	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				Total
	Charges for Services	Operating / Capital Grants and Contributions	Property Taxes	Utility Taxes	Inter-governmental	Other		
2025	\$ 9,694,863	\$ 1,887,386	\$ 2,513,472	\$ 1,019,924	\$ 5,863,077	\$ 1,780,345	\$ 22,759,067	
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	

Source: City's Annual Financial Reports.

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

*LAST TEN FISCAL YEARS*

---

<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>
2025	\$ 2,846,136	\$ 1,108,018	\$ 7,788,117	\$ 3,998,447	\$ 182,196	\$ 7,665,434	\$ 450,768	\$24,039,116
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

Source: City's Annual Financial Reports.

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

*LAST TEN FISCAL YEARS*

<b>Fiscal Year</b>	<b>All Taxes (2)</b>	<b>Licenses, Permits and Fees</b>	<b>Intergovernmental</b>	<b>Intragovernmental</b>	<b>Fines and Forfeitures</b>	<b>Other</b>	<b>Total</b>
2025	\$ 3,533,396	\$ 2,260,019	\$7,779,581	\$ 300,000	\$ 679,938	\$ 420,993	\$14,973,927
2024	3,546,431	2,184,360	6,995,837	300,000	876,543	449,460	14,352,631
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

(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*

---

<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>
2025	\$ 2,268,893	\$ 704,648	\$7,604,494	\$ 2,337,604	\$ 592,667	\$ 2,432,412	\$ 15,940,718
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

(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, 2025

<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 Executive Director - \$100,000 Court/Clerk - \$5,000
Boiler & Machinery	Travelers Ins. Co.	\$29,232,183
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, 2025, 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 October 27, 2025.

**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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cherry Bekaert LLP*

Orland Park, Illinois  
October 27, 2025