

CITY OF PALOS HEIGHTS STATE OF ILLINOIS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

As of and for the Year Ended December 31, 2023

And Report of Independent Auditor

CITY OF PALOS HEIGHTS, ILLINOIS
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INTRODUCTORY SECTION



Mayor
Robert S. Straz

City Clerk
Shannon Harvey

City Treasurer
James Daemicke, CPA

Aldermen

WARD 1
Jeffrey Key
Dan Brennan

WARD 2
Jack Clifford
Robert Basso

WARD 3
Heather Begley
Brent Lewandowski

WARD 4
Michael McGrogan
Jerry McGovern

October 8, 2024

The Honorable Mayor, Members of the City Council, and Residents
City of Palos Heights, Illinois:

The annual comprehensive financial report for the City of Palos Heights, Illinois, for the fiscal year ended December 31, 2023, is submitted herewith. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City of Palos Heights. All disclosures necessary to enable the reader to gain an understanding of the government’s financial activities have been included.

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 organizations 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 Palos Heights School District 128, Palos Community Consolidated School District 118, Consolidated High School District 230, and Palos Heights Fire Protection District 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 not included in the City’s basic financial statements.

The City and its Services

The City of Palos Heights was incorporated as a City in 1959 and adopted the Mayor- Alderman form of government. The Mayor, City Clerk, City Treasurer and the eight Aldermen of the City Council are elected for four-year terms.

The City of Palos Heights is a residential community of 12,068 people. It is approximately twenty- six miles southwest of downtown Chicago in Cook County.

The City of Palos Heights provides the following municipal services:

- | | |
|----------------------|-----------------|
| Administration | Police |
| Building and Zoning | Public Works |
| Economic Development | Water and Sewer |
| Recreation | |



Major Initiatives

ECONOMIC CONDITION AND OUTLOOK

In 1999, the City of Palos Heights' General Fund had a deficit balance of \$13,030. The City lost a car dealership and several hundred thousands of dollars in sales tax revenue that year. In 2003, the City's attempt at a referendum to increase the Maximum Corporate Tax Rate was successful. Over the past seventeen years, sales tax revenues have returned to and exceeded the level before the car dealership left Palos Heights.

The City has established a Fund Balance Policy to ensure that the City maintains an adequate General Fund Balance. The City established a Capital Improvement Fund to fund future capital improvements.

FOR THE YEAR

The City of Palos Heights continues major infrastructure improvements in such areas as road resurfacing, drainage improvements, new and replaced sidewalks, bike path resurfacing, and flood control. A few of the projects completed this year were improvements to the Lake Katherine decking, new auditorium doors at Lake Katherine, new decking at the pool, new gazebo roof at the pool, purchase of capital equipment for General Government and purchase of capital equipment for Police Department. The City Council approved a water rate increase for the first time since 2019.

The City of Palos Heights provides Park and Recreations services to its residents. The City of Palos Heights is currently renovating Orchard Park that will feature a splash pad and shelter.

FOR THE FUTURE

The City of Palos Heights enters fiscal year 2024 on a sound financial basis. Budgeted revenues and expenditures in the General Fund in 2024 are balanced. Budgeted revenues and expenditures in the Enterprise Fund in 2024 are also balanced. These two funds represent the majority of the financial activity of the City.

The City of Palos Heights is currently working on renovation of Orchard Park, the purchase of capital equipment for Public Works, new sidewalks along Ridgeland Avenue, construction of the Lake Katherine parking lot, renovations to the swimming pool, Southwest Highway retaining wall construction, a new citywide phone system, new tank installation at NW Palos hospital, Route 83 watermain installation, meter replacement throughout the city, and 131st Street sewer lining. The Recreation Center expansion and renovation includes an indoor walk/jog track, wellness center, multipurpose gymnasium, banquet room and other amenities. Construction began in 2015 and was completed in 2017.

The City recently established the Harlem Avenue Business District which will help in funding economic development projects with this newly created Business District.

LONG-TERM FINANCIAL PLANNING

The City expects to continue to increase General Fund revenues above expenditures. The General Fund surplus will continue to be transferred to the Capital Improvement Fund to prepare for upcoming capital projects. We will continue to seek federal and state funding grants to assist in the cost of these projects.



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 level of budgetary controls is maintained at the fund level. The Mayor and City Council regularly discuss favorable and unfavorable variances of the actual to budget.

Financial Highlights

The accounts of the City are organized on the basis of funds. Each fund is considered a separate accounting entity. The operation of each fund is accounted for with a separate set of self-balancing accounts that include assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures. This method of accounting is known as Fund Accounting. Fund Accounting shows how money was spent rather than how much profit is earned.

Debt Administration

On November 4, 2014, the City's attempt to pass a referendum for the issuance of \$6.3 million in General Obligation Bonds for a Recreation Center expansion was successful. These bonds were issued in 2015.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Cherry Bekaert was selected by the City Council to perform the audit in conformance with the requirements set forth in Illinois Compiled Statutes.

The independent auditor's report on the basic financial statements is included in the financial section of this report.

Acknowledgements

The preparation of the annual comprehensive financial report ("ACFR") could not have been completed without the efficient and dedicated service of the entire staff at the City of Palos Heights. I would like to express my appreciation to all departments who assisted and contributed to its preparation.

I should also like to thank the Mayor, City Council members, City Treasurer and City Administrator for their interest and support of this ACFR, and for their responsible and progressive approach that contributes to the financial strength of the City of Palos Heights.

Respectfully submitted,

Janice E. Colvin
Director of Accounting, City of Palos Heights
October 8, 2024



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Palos Heights
Illinois**

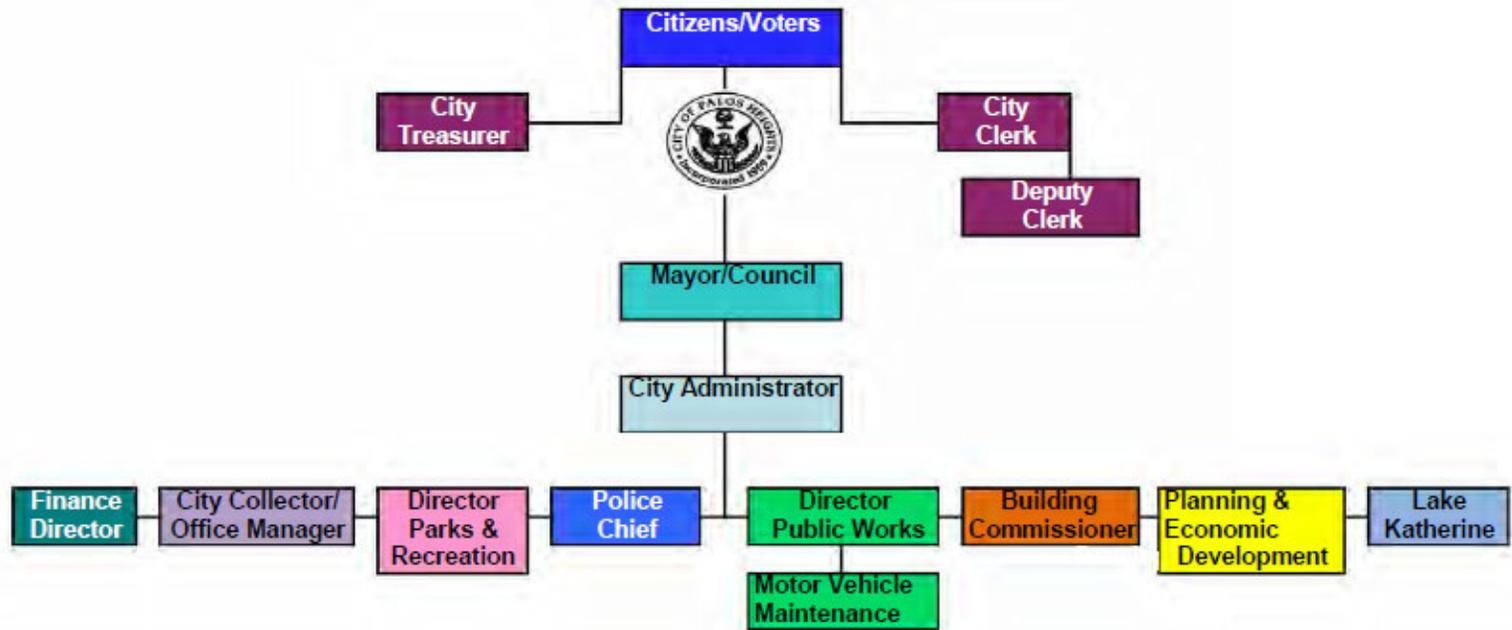
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO

City of Palos Heights Organizational Chart



OFFICERS AND OFFICIALS

MAYOR

ROBERT S. STRAZ

ALDERMEN

DONALD BYLUT - WARD ONE
JEFFERY M. KEY - WARD ONE
ROBERT BASSO - WARD TWO
JACK CLIFFORD - WARD TWO
BRENT LEWANDOWSKI - WARD THREE
HEATHER BEGLEY - WARD THREE
JERRY MCGOVERN - WARD FOUR
MICHAEL MCGROGAN - WARD FOUR

CLERK

SHANNON HARVEY

TREASURER

JAMES DAEMICKE

ADMINISTRATOR

DAVID STROHL

ATTORNEY

THOMAS BROWN

FINANCIAL SECTION

Report of Independent Auditor

Honorable Mayor and Members of the City Council
City of Palos Heights, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Palos Heights, Illinois (the "City"), as of and for the year ended December 31, 2023, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023, 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.

We did not audit the financial statements of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and employee retirement and other postemployment benefit plans, 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 City's basic financial statements. The accompanying combining and individual fund financial statements and schedules and Illinois Grant Accountability and Transparency Act Consolidated Year-End Financial Report, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 and Illinois Grant Accountability and Transparency Act Consolidated Year-End Financial Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The basic financial statements of the City as of December 31, 2022 were audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, by PKF Mueller, LLP, which was acquired by Cherry Bekaert LLP as of December 31, 2023, and whose report dated June 29, 2023 expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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 City's basic financial statements as a whole. The individual fund financial statements and schedules for the year ended December 31, 2022, 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 2022 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. In our opinion, the City's 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 financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Orland Park, Illinois
October 8, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF PALOS HEIGHTS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

DECEMBER 31, 2023

As management of the City of Palos Heights, Illinois, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented herein in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-3 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of December 31, 2023 by \$32,048,723 (*net position*). Of this amount, \$27,180,496 is invested in capital assets and \$4,922,404 is restricted; \$(54,177) is an unrestricted deficit.
- The total net position of the City increased by \$3,190,654 during the year ended December 31, 2023.
- As of December 31, 2023, the City's governmental funds reported combined ending fund balances of \$17,745,347. Approximately 31.5% of this amount (\$5,595,450) is available for spending at the government's discretion (*unassigned fund balance*).
- For the fiscal year ending December 31, 2023, total governmental funds revenues and other financing sources exceeded expenditures and other financing uses by \$1,922,557.
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned* and *unassigned* components of *fund balance*) for the General Fund was \$5,595,450, or approximately 40.4% of total General Fund expenditures.
- The City's long-term liabilities at December 31, 2023 totaled \$30,223,668. The City's long-term liabilities include a liability of \$16,740,581 related to the police pension, a liability of \$2,254,447 related to the Illinois Municipal Retirement Fund, and a liability of \$2,373,777 related to other postemployment benefits as of December 31, 2023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

CITY OF PALOS HEIGHTS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

DECEMBER 31, 2023

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, police and emergency services, public works, and recreation and culture. The City has two business type activities: waterworks and sewerage, and the commuter parking lot.

The City has one discretely presented component unit, the Palos Heights Public Library; the Library's financial statements have been incorporated into the City's annual financial report. 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.

The government-wide financial statements can be found on pages 19-21 of this report.

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains sixteen individual governmental funds and subfunds. Information is presented separately for the major governmental funds in the Balance Sheet - Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. The General Fund and the Capital Projects Fund are considered major funds. There are eleven nonmajor governmental funds.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 22-28 of this report.

Proprietary Funds – The City maintains one type of proprietary fund, which is the enterprise fund. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the activities related to waterworks and sewerage and commuter parking lot activities.

The basic proprietary fund financial statements can be found on pages 29-33 of this report.

CITY OF PALOS HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

DECEMBER 31, 2023

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside of the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds *are not* available to support the City's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The fiduciary fund utilized by the City is the Pension Trust Fund.

The basic fiduciary fund financial statements can be found on pages 34-35 of this report.

Notes to Basic Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 36-69 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligations to provide pension and OPEB benefits to its employees. This information is provided on pages 71-76 of the report.

The combining and individual fund financial statements and schedules in connection with the major and non-major governmental and proprietary funds are presented immediately following the required supplementary information on pensions and OPEB. These statements and schedules can be found on pages 77-125 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$32,048,723 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 28,564,870	\$ 25,012,325	\$ 11,899,226	\$ 11,461,991	\$ 40,464,096	\$ 36,474,316
Capital assets	27,199,068	27,900,441	4,563,051	4,927,848	31,762,119	32,828,289
Total Assets	55,763,938	52,912,766	16,462,277	16,389,839	72,226,215	69,302,605
Deferred outflows of resources	4,292,313	7,166,718	663,296	765,979	4,955,609	7,932,697
Current and other liabilities	2,085,299	1,978,052	852,086	702,084	2,937,385	2,680,136
Long-term liabilities outstanding	28,967,761	35,075,735	1,255,907	1,317,154	30,223,668	36,392,889
Total Liabilities	31,053,060	37,053,787	2,107,993	2,019,238	33,161,053	39,073,025
Deferred inflows of resources	11,608,871	9,151,186	363,177	153,022	11,972,048	9,304,208
Net Position:						
Net investment in capital assets	22,617,445	23,203,444	4,563,051	4,680,568	27,180,496	27,884,012
Restricted	4,922,404	3,915,321	-	-	4,922,404	3,915,321
Unrestricted	(10,145,529)	(13,244,254)	10,091,352	10,302,990	(54,177)	(2,941,264)
Total Net Position	\$ 17,394,320	\$ 13,874,511	\$ 14,654,403	\$ 14,983,558	\$ 32,048,723	\$ 28,858,069

A large portion of the City's net position reflects its investment in capital assets (e.g. roads received via contribution from incorporation, buildings and improvements, and furniture and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

An additional portion of the City's net position (15.4%) represents resources that are subject to external restrictions on how they may be used.

CITY OF PALOS HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

DECEMBER 31, 2023

At the end of the current fiscal year, the City had an unrestricted net deficit of \$(54,177) related to governmental activities.

The City's overall net position increased \$3,190,654 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

On the next page is a chart summarizing the financial activities of the City during 2023 and its effects on net position.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 2,779,278	\$ 2,777,089	\$ 8,245,298	\$ 7,389,739	\$ 11,024,576	\$ 10,166,828
Operating grants and contributions	661,668	1,500	-	-	661,668	1,500
Capital grants and contributions	1,750	63,505	-	-	1,750	63,505
General revenues:						
Property taxes	8,907,428	8,312,534	-	-	8,907,428	8,312,534
Utility taxes	1,053,525	1,180,545	-	-	1,053,525	1,180,545
Business district taxes	147,651	143,814	-	-	147,651	143,814
Intergovernmental - unrestricted	4,964,506	5,196,051	-	-	4,964,506	5,196,051
Investment income	741,521	115,958	456,638	89,273	1,198,159	205,231
Gain on sale of assets	-	32,748	-	-	-	32,748
Other income	673,086	1,134,161	25,830	42,975	698,916	1,177,136
Total revenues	<u>19,930,413</u>	<u>18,957,905</u>	<u>8,727,766</u>	<u>7,521,987</u>	<u>28,658,179</u>	<u>26,479,892</u>
Expenses:						
General government	3,158,700	2,575,120	-	-	3,158,700	2,575,120
Police and emergency services	6,425,899	7,631,698	-	-	6,425,899	7,631,698
Public works	3,363,385	2,711,535	-	-	3,363,385	2,711,535
Recreation and culture	3,149,019	3,461,525	-	-	3,149,019	3,461,525
Interest	313,601	350,497	-	-	313,601	350,497
Waterworks and sewerage	-	-	9,049,135	6,784,355	9,049,135	6,784,355
Parking lot	-	-	7,786	5,779	7,786	5,779
Total expenses	<u>16,410,604</u>	<u>16,730,375</u>	<u>9,056,921</u>	<u>6,790,134</u>	<u>25,467,525</u>	<u>23,520,509</u>
Change in net position	3,519,809	2,227,530	(329,155)	731,853	3,190,654	2,959,383
Net position at beginning of year	<u>13,874,511</u>	<u>11,646,981</u>	<u>14,983,558</u>	<u>14,251,705</u>	<u>28,858,069</u>	<u>25,898,686</u>
Net position at end of year	<u>\$ 17,394,320</u>	<u>\$ 13,874,511</u>	<u>\$ 14,654,403</u>	<u>\$ 14,983,558</u>	<u>\$ 32,048,723</u>	<u>\$ 28,858,069</u>

Governmental Activities. During the current fiscal year, net position for governmental activities increased by \$3,519,809 from the prior fiscal year for an ending net position balance of \$17,394,320. Revenues increased in the current year due to interest rates on investments increasing, an OSLAD grant, and an increase in property tax revenue. Expenses decreased overall in the current year, but did see an increase in public works salaries, an increase in public safety salaries, and an increase in health insurance.

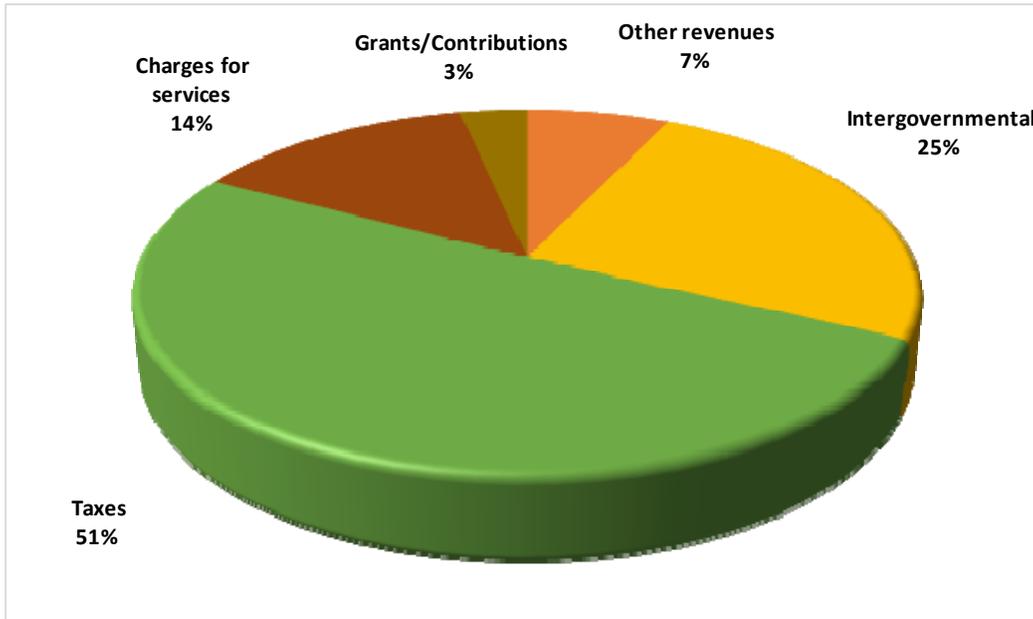
Business-type Activities. During the current fiscal year, net position for the business-type activities decreased by \$329,155 from the prior fiscal year for an ending net position balance of \$14,654,403. Revenues increased over the prior year due to interest rates on investments increasing and a water rate increase. Expenses increased in the current year due to improvements to the water and sewer infrastructure and a water rate increase from the Village of Alsip.

CITY OF PALOS HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

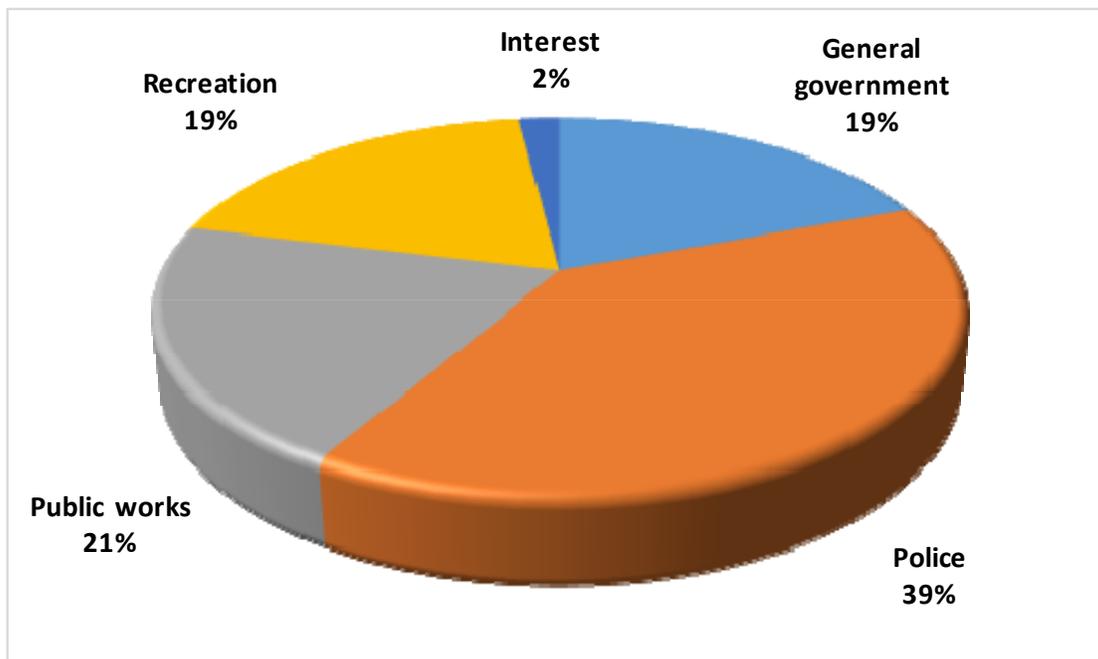
DECEMBER 31, 2023

The following graphs illustrate general governmental activity revenues by source as well as how funds are used by the governmental activities, based on the data shown in the above chart:

General Revenues by Source - Governmental Activities



Expenses - Governmental Activities



CITY OF PALOS HEIGHTS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

DECEMBER 31, 2023

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for particular purposes by City Council.

As of December 31, 2023 the City's governmental funds reported combined fund balances of \$17,745,347, an increase of \$1,922,557 over the prior fiscal year. As noted earlier, approximately 31.5% of this amount (\$5,595,450) is available for spending at the government's discretion (*unassigned fund balance*). The remainder of the fund balance is either *nonspendable*, *restricted*, *committed* or *assigned* to indicate that it is restricted for particular purposes (\$4,922,404), or assigned for particular purposes (\$7,227,493).

As of December 31, 2023, the City's General Fund, its chief operating fund, reported an ending balance of \$5,595,450. This is a decrease of \$948,709 in comparison with the prior fiscal year. Intergovernmental revenues such as Sales Tax increased in the current year. Investment income also increased in the current year. The fund balance in the General Fund was classified as unassigned at December 31, 2023.

As of December 31, 2023, the City's Capital Projects Fund reported an ending balance of \$6,872,397. This is an increase of \$1,882,023 in comparison to the prior year. The change in fund balance was due to a transfer from the General Fund.

Proprietary Funds. As noted before, the focus of the City's proprietary funds is similar to that of the government-wide statements. The City has two proprietary activities: waterworks and sewerage, and commuter parking at the Metra train station.

The Waterworks and Sewerage fund saw a \$(334,930) decrease in its net position in 2023. Operating expenses exceeded operating revenues for the year. This net increase was offset somewhat by an increase in expenses during the current year. Net position in the Waterworks and Sewerage Fund will be used for planned capital projects.

Fiduciary Fund. As stated before, fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent on behalf of others and the accounting is similar to proprietary funds. As of December 31, 2023, \$32,733,963 was held in trust for police pension benefits.

Budgetary Highlights

The 2023 annual expenditure budget for the City's General Fund identified the budgeted level of spending at \$14,625,308. Actual expenditures were less than budgeted expenditures by approximately \$762,266, or 5.2 percent.

CITY OF PALOS HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

DECEMBER 31, 2023

Actual revenues were higher than budgeted revenues in the General Fund by \$875,739, or approximately 5.8 percent.

The most significant difference between estimated revenues and actual revenues was as follows:

Revenue Source	Budget	Actual	Variance
Intergovernmental	\$ 4,126,000	\$ 4,443,633	\$ 317,633
Investment income	75,000	561,215	486,215

State sales tax revenues increased this year. State Income tax revenues were higher than budgeted. Investment income significantly increased this year.

The most significant difference between estimated expenditures and actual expenditures were as follows:

Expenditure Function	Budget	Actual	Variance
General government - Corporate subfund	\$ 2,219,851	\$ 1,777,141	\$ 442,710
Public works – Corporate subfund	1,460,720	1,234,363	226,357

General government expenditures for full time salaries came in lower than expected. Several consulting projects were not completed in the fiscal year.

Capital Asset Administration

The City's investment in capital assets as of December 31, 2023, net of accumulated depreciation, is summarized as follows:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land and land improvements	\$ 10,042,576	\$ 10,276,260	\$ 45,849	\$ 45,849	\$ 10,088,425	\$ 10,322,109
Buildings and building improvements	11,207,913	11,605,356	1,098,959	1,168,921	12,306,872	12,774,277
Equipment	876,715	1,067,735	459,951	601,197	1,336,666	1,668,932
Water distribution, storm system and sanitary systems	-	-	2,926,601	2,770,452	2,926,601	2,770,452
Infrastructure	4,504,955	4,808,567	-	-	4,504,955	4,808,567
Construction in progress	566,909	142,523	31,691	341,429	598,600	483,952
Total	\$ 27,199,068	\$ 27,900,441	\$ 4,563,051	\$ 4,927,848	\$ 31,762,119	\$ 32,828,289

Major capital asset events during the current fiscal year included the purchase of a Tesla, Toyota Highlander, Toyota RAV4, and a Ford F250, new decking at Lake Katherine, new auditorium doors at Lake Katherine, new decking at the pool, new gazebo roof at the pool and a new pump for the pool.

Additional information on the City's capital assets can be found in note 2 on pages 48 – 50 of this report.

CITY OF PALOS HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

DECEMBER 31, 2023

Long-term Liabilities

The City's long-term liabilities outstanding are as follows:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Compensated absences	\$ 1,627,685	\$ 1,727,023	\$ 212,810	\$ 198,209	\$ 1,840,495	\$ 1,925,232
Net pension liability	16,740,581	21,643,487	-	-	16,740,581	21,643,487
Postemployment benefits liability	1,824,485	1,429,477	549,292	431,579	2,373,777	1,861,056
IMRF liability	1,760,642	2,507,274	493,805	687,366	2,254,447	3,194,640
General obligation bond, including premium	4,263,678	4,591,378	-	-	4,263,678	4,591,378
Notes payable	2,691,310	3,085,670	-	-	2,691,310	3,085,670
Installment contract	59,380	91,426	-	-	59,380	91,426
Total	<u>\$ 28,967,761</u>	<u>\$ 35,075,735</u>	<u>\$ 1,255,907</u>	<u>\$ 1,317,154</u>	<u>\$ 30,223,668</u>	<u>\$ 36,392,889</u>

Additional information on the City's long-term liabilities can be found in note 2 on pages 52 – 55 of this report.

Economic Factors and Next Year's Budget

- During 2005, the City established the Gateway Tax Increment Financing (TIF) project, which will provide economic development benefits to the area around Harlem Avenue and College Drive. These benefits will continue to be utilized during FY 2024 as the City continues the development of the property west of the senior living complex and major improvements are planned for the Tiffany Square shopping plaza.
- During 2011, the City established the 127th and Harlem Avenue Tax Increment Financing (TIF) project and Harlem Avenue Business District, which will provide economic development benefits to the area around Harlem Avenue and 127th Street. These benefits will continue to be utilized during 2024 and it is the City's intention to continue the development and redevelopment within the boundaries of the TIF.
- During 2024, the City will continue to review possible economic development projects to encourage redevelopment of the Harlem Avenue business corridor as well as various infill areas throughout the City. A new business district was created to help in this endeavor.
- In 2024, the City will continue with capital projects such as development of Orchard park, the purchase of capital equipment for Public Works, capital equipment for the Police Department, a new citywide phone system, capital equipment for Recreation, pool decking, Lake Katherine decking and ramp replacement, Ridgeland Avenue Sidewalks, construction of the Lake Katherine parking lot, and renovations at the pool. The City will continue its Road Program in 2024 at various locations throughout the City.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Treasurer or the Office of the City Administrator, 7607 College Drive, Palos Heights, IL 60463.

General information relating to the City of Palos Heights, Illinois, can be found at the City's website, <http://www.palosheights.org>.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF PALOS HEIGHTS, ILLINOIS
STATEMENT OF NET POSITION

DECEMBER 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 17,546,268	\$ 10,222,645	\$ 27,768,913	\$ 675,246
Receivables	9,169,102	1,676,581	10,845,683	2,003,295
Due from other governments	1,021,186	-	1,021,186	-
Other	828,314	-	828,314	-
Capital Assets Not Being Depreciated:				
Land	4,933,122	45,849	4,978,971	314,652
Construction in progress	566,909	31,691	598,600	-
Capital Assets, Net of Accumulated Depreciation:				
Land improvements	5,109,454	-	5,109,454	-
Buildings and improvements	11,207,913	1,098,959	12,306,872	2,714,912
Equipment	876,715	459,951	1,336,666	353,605
Library collection	-	-	-	308,485
Water distribution, storm and sanitary system Infrastructure	-	2,926,601	2,926,601	-
	4,504,955	-	4,504,955	-
Total Assets	\$ 55,763,938	\$ 16,462,277	\$ 72,226,215	\$ 6,370,195
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	\$ 3,476,572	\$ 312,175	\$ 3,788,747	\$ 295,406
Deferred outflows of resources related to other postemployment benefits	815,741	351,121	1,166,862	-
Total Deferred Outflows of Resources	\$ 4,292,313	\$ 663,296	\$ 4,955,609	\$ 295,406

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

CITY OF PALOS HEIGHTS, ILLINOIS
STATEMENT OF NET POSITION (CONTINUED)

DECEMBER 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Accounts payable and other current liabilities	\$ 1,245,049	\$ 852,086	\$ 2,097,135	\$ 22,513
Unearned revenue	485,542	-	485,542	-
Deposits held	354,708	-	354,708	-
Noncurrent liabilities:				
Due within one year	2,270,273	159,607	2,429,880	-
Due in more than one year	26,697,488	1,096,300	27,793,788	476,778
Total Liabilities	\$ 31,053,060	\$ 2,107,993	\$ 33,161,053	\$ 499,291
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	\$ 2,238,034	\$ 11,197	\$ 2,249,231	\$ 306
Deferred inflows of resources related to other post-employment benefits	487,240	128,759	615,999	-
Lease related	1,048,176	223,221	1,271,397	
Property taxes levied for future period	7,835,421	-	7,835,421	2,003,292
Total Deferred Inflows of Resources	\$ 11,608,871	\$ 363,177	\$ 11,972,048	\$ 2,003,598
NET POSITION				
Net investment in capital assets	\$ 22,617,445	\$ 4,563,051	\$ 27,180,496	\$ 3,691,654
Restricted for:				
Capital projects	2,741,485	-	2,741,485	-
Community redevelopment	221,536	-	221,536	-
Road construction and maintenance	876,906	-	876,906	-
Law enforcement	682,720	-	682,720	-
Other purposes	399,757	-	399,757	17,077
Unrestricted	(10,145,529)	10,091,352	(54,177)	453,981
Total Net Position	\$ 17,394,320	\$ 14,654,403	\$ 32,048,723	\$ 4,162,712

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

CITY OF PALOS HEIGHTS, ILLINOIS
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	
Functions/Programs:								
Primary Government:								
Governmental Activities:								
General government	\$ 3,158,700	\$ 1,144,957	\$ -	\$ -	\$ (2,013,743)	\$ -	\$ (2,013,743)	\$ -
Police and emergency services	6,425,899	81,222	220,509	-	(6,124,168)	-	(6,124,168)	-
Public works	3,363,385	-	210,159	1,500	(3,151,726)	-	(3,151,726)	-
Recreation and culture	3,149,019	1,553,099	231,000	250	(1,364,670)	-	(1,364,670)	-
Interest expense	313,601	-	-	-	(313,601)	-	(313,601)	-
Total Governmental Activities	<u>\$ 16,410,604</u>	<u>\$ 2,779,278</u>	<u>\$ 661,668</u>	<u>\$ 1,750</u>	<u>\$ (12,967,908)</u>	<u>\$ -</u>	<u>\$ (12,967,908)</u>	<u>\$ -</u>
Business-Type Activities:								
Waterworks and sewerage	\$ 9,049,135	\$ 8,231,737	\$ -	\$ -	\$ -	\$ (817,398)	\$ (817,398)	\$ -
Parking lot	7,786	13,561	-	-	-	5,775	5,775	-
Total Business-Type Activities	<u>9,056,921</u>	<u>8,245,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(811,623)</u>	<u>(811,623)</u>	<u>-</u>
Total Primary Government	<u>\$ 25,467,525</u>	<u>\$ 11,024,576</u>	<u>\$ 661,668</u>	<u>\$ 1,750</u>	<u>\$ (12,967,908)</u>	<u>\$ (811,623)</u>	<u>\$ (13,779,531)</u>	<u>\$ -</u>
Component unit	<u>\$ 1,874,917</u>	<u>\$ 3,616</u>	<u>\$ 17,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,853,501)</u>
General Revenues:								
Taxes:								
Property					\$ 8,907,428	\$ -	\$ 8,907,428	\$ 1,854,556
Utility					1,053,525	-	1,053,525	-
Business district sales					147,651	-	147,651	-
Intergovernmental - unrestricted					4,964,506	-	4,964,506	29,947
Investment income					741,521	456,638	1,198,159	6,579
Other income					673,086	25,830	698,916	136,669
Total General Revenues					<u>16,487,717</u>	<u>482,468</u>	<u>16,970,185</u>	<u>2,027,751</u>
Changes in net position					3,519,809	(329,155)	3,190,654	174,250
Net position at beginning of year					<u>13,874,511</u>	<u>14,983,558</u>	<u>28,858,069</u>	<u>3,988,462</u>
Net position at end of year					<u>\$ 17,394,320</u>	<u>\$ 14,654,403</u>	<u>\$ 32,048,723</u>	<u>\$ 4,162,712</u>

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

FUND FINANCIAL STATEMENTS

CITY OF PALOS HEIGHTS, ILLINOIS
BALANCE SHEET – GOVERNMENTAL FUNDS

DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2022)

	General	Capital Projects	Total Nonmajor Funds	Total Governmental Funds	
				2023	2022
ASSETS					
Cash and cash equivalents	\$ 4,717,283	\$ 7,274,488	\$ 5,554,497	\$ 17,546,268	\$ 13,048,497
Receivables:					
Property taxes	6,439,062	-	1,484,306	7,923,368	9,283,496
Accounts	150,569	-	4,979	155,548	177,899
Leases	1,090,186	-	-	1,090,186	1,212,536
Due from other funds	97,656	-	190,495	288,151	259,465
Due from other governments	658,727	291,002	71,457	1,021,186	1,455,951
Prepaid items	-	-	-	-	110,641
Other	828,314	-	-	828,314	935,841
Total Assets	<u>13,981,797</u>	<u>7,565,490</u>	<u>7,305,734</u>	<u>28,853,021</u>	<u>26,484,326</u>
LIABILITIES					
Accounts payable	211,634	322,794	89,195	623,623	372,970
Other payable		-	335,259	335,259	335,259
Accrued payroll	136,794	-	-	136,794	125,200
Unearned revenue	185,542	300,000	-	485,542	131,941
Deposits held	354,708	-	-	354,708	381,610
Due to other funds	75,000	70,299	142,852	288,151	259,465
Due to fiduciary trust fund	-	-	-	-	460,463
Total Liabilities	<u>963,678</u>	<u>693,093</u>	<u>567,306</u>	<u>2,224,077</u>	<u>2,066,908</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes levied for future period	6,374,493	-	1,460,928	7,835,421	7,382,092
Lease related	1,048,176	-	-	1,048,176	1,212,536
Total Deferred Inflows of Resources	<u>7,422,669</u>	<u>-</u>	<u>1,460,928</u>	<u>8,883,597</u>	<u>8,594,628</u>
FUND BALANCES					
Nonspendable	-	-	-	-	110,641
Restricted	-	-	4,922,404	4,922,404	3,973,980
Assigned	-	6,872,397	355,096	7,227,493	5,304,651
Unassigned	5,595,450	-	-	5,595,450	6,433,518
Total Fund Balances	<u>5,595,450</u>	<u>6,872,397</u>	<u>5,277,500</u>	<u>17,745,347</u>	<u>15,822,790</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,981,797</u>	<u>\$ 7,565,490</u>	<u>\$ 7,305,734</u>	<u>\$ 28,853,021</u>	<u>\$ 26,484,326</u>

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

CITY OF PALOS HEIGHTS, ILLINOIS**RECONCILIATION OF FUND BALANCES – TOTAL GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES***DECEMBER 31, 2023*

Fund balances - total governmental funds		\$ 17,745,347
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 as assets in the governmental funds.		27,199,068
Long-term liabilities are not due and payable in the current year and, therefore, are not reported as liabilities in the funds. Long-term liabilities and related accounts at year-end consist of:		
General obligation bonds	\$ (4,155,000)	
Unamortized issuance premium	(108,678)	
Notes payable	(2,691,310)	
Installment contract payable	(59,380)	
Compensated absences payable	(1,627,685)	
Net pension liabilities	(18,501,223)	
Net other postemployment benefits liability	<u>(1,824,485)</u>	
Total		(28,967,761)
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows related to pensions and other postemployment benefits	4,292,313	
Deferred inflows related to pensions and other postemployment benefits	<u>(2,725,274)</u>	
Total		1,567,039
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:		<u>(149,373)</u>
Net position of governmental activities		<u>\$ 17,394,320</u>

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

CITY OF PALOS HEIGHTS, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	General	Capital Projects	Total Nonmajor Funds	2023	2022
Revenues:					
Taxes:					
Property levies, net	\$ 6,243,293	\$ -	\$ 2,664,135	\$ 8,907,428	\$ 8,312,534
Utility	1,053,525	-	-	1,053,525	1,180,545
Business district sales	-	-	147,651	147,651	143,814
Intergovernmental	4,443,633	-	520,873	4,964,506	5,196,051
Charges for services	266,991	-	-	266,991	384,408
Fees by agreement	1,194,879	-	-	1,194,879	1,026,246
Fines, forfeitures, and penalties	104,556	-	220,509	325,065	416,311
Grants	1,000	79,234	-	80,234	916,895
Investment income	561,215	-	180,306	741,521	115,958
Licenses, permits, and inspections	489,800	-	-	489,800	476,146
Swimming pool admission	352,545	-	-	352,545	314,605
Vehicle tag income	147,245	-	-	147,245	159,373
Rental income	258,209	-	-	258,209	401,521
Other income	832,466	138,005	30,343	1,000,814	732,640
Total Revenues	15,949,357	217,239	3,763,817	19,930,413	19,777,047
Expenditures:					
Current:					
General government	1,815,567	-	649,524	2,465,091	2,256,159
Public safety	7,423,591	-	260,453	7,684,044	7,323,368
Public works	1,212,336	-	38,351	1,250,687	1,366,597
Recreational department	2,461,470	-	112,727	2,574,197	2,621,038
Roads and construction	694,918	-	-	694,918	494,751
Debt Service:					
Principal	32,046	-	704,360	736,406	685,301
Interest	3,875	-	348,662	352,537	383,851
Capital outlay:					
General government	-	391,286	-	391,286	223,905
Public safety	42,582	-	-	42,582	-
Public works	22,027	-	-	22,027	49,120
Recreational department	38,531	488,617	-	527,148	269,619
Roads and construction	116,099	380,337	770,497	1,266,933	804,069
Total Expenditures	13,863,042	1,260,240	2,884,574	18,007,856	16,477,778

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

CITY OF PALOS HEIGHTS, ILLINOIS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS
(CONTINUED)**

*YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)*

	<u>General</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>2023</u>	<u>2022</u>
Excess (deficiency) of revenues over expenditures	\$ 2,086,315	\$ (1,043,001)	\$ 879,243	\$ 1,922,557	\$ 3,299,269
Other Financing Sources (Uses):					
Installment contract	-	-	-	-	98,738
Proceeds from sale of capital assets	-	-	-	-	39,950
Transfers in	-	2,925,024	188,547	3,113,571	2,613,881
Transfers out	<u>(3,035,024)</u>	<u>-</u>	<u>(78,547)</u>	<u>(3,113,571)</u>	<u>(2,613,881)</u>
Total Other Financing Sources (Uses)	<u>(3,035,024)</u>	<u>2,925,024</u>	<u>110,000</u>	<u>-</u>	<u>138,688</u>
Net change in fund balances	(948,709)	1,882,023	989,243	1,922,557	3,437,957
Fund balances at beginning of year	<u>6,544,159</u>	<u>4,990,374</u>	<u>4,288,257</u>	<u>15,822,790</u>	<u>12,384,833</u>
Fund balances at end of year	<u>\$ 5,595,450</u>	<u>\$ 6,872,397</u>	<u>\$ 5,277,500</u>	<u>\$ 17,745,347</u>	<u>\$ 15,822,790</u>

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

CITY OF PALOS HEIGHTS, ILLINOIS
RECONCILIATION OF THE NET CHANGE IN FUND BALANCES – TOTAL
GOVERNMENTAL FUNDS TO THE CHANGE IN NET POSITION OF GOVERNMENTAL
ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

Net change in fund balances - total governmental funds	\$ 1,922,557
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 these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$1,334,188) exceeded capitalized capital outlays (\$640,315) in the current period.	(693,873)
The net effect of transactions involving dispositions of capital assets was to decrease net position.	(7,500)
The issuance of long-term debt (e.g., bonds, notes payable, 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 repayments of general obligation bonds	\$ 310,000
Amortization of issuance premium	17,700
Principal repayments of notes payable	394,360
Principal repayments of installment contract	<u>32,046</u>
Total	754,106
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 contributions exceeded pension benefits earned.	1,519,119
Governmental funds report City other postemployment benefit contributions as expenditures. However, in the statement of activities, the cost of other postemployment benefits earned is reported as other postemployment benefits expense. This is the amount by which other postemployment benefits earned exceeded City contributions in the current period.	(95,174)
Compensated absences do not require the use of current financial resources. Therefore, the change in this liability is not reported in the governmental funds.	99,338
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. The decrease in the accrued interest balance results in a decrease in interest expense reported in the statement of activities.	21,236
Change in net position of governmental activities	<u><u>\$ 3,519,809</u></u>

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

CITY OF PALOS HEIGHTS, ILLINOIS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND**

YEAR ENDED DECEMBER 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Taxes:				
Property levies, net	\$ 6,223,766	\$ 6,223,766	\$ 6,243,293	\$ 19,527
Utility	1,180,000	1,180,000	1,053,525	(126,475)
Intergovernmental	4,126,000	4,126,000	4,443,633	317,633
Charges for services	276,500	276,500	266,991	(9,509)
Fees by agreement	1,002,500	1,002,500	1,194,879	192,379
Fines, forfeitures and penalties	83,500	83,500	104,556	21,056
Grants	1,000	1,000	1,000	-
Investment income	75,000	75,000	561,215	486,215
Licenses, permits and inspections	432,300	432,300	489,800	57,500
Swimming pool	320,000	320,000	352,545	32,545
Vehicle tag income	155,500	155,500	147,245	(8,255)
Rental income	335,083	335,083	258,209	(76,874)
Other income	862,469	862,469	832,466	(30,003)
Total Revenues	<u>15,073,618</u>	<u>15,073,618</u>	<u>15,949,357</u>	<u>875,739</u>
Expenditures:				
Current:				
Personnel	7,328,889	7,384,889	7,270,176	114,713
Retirement contributions	2,341,266	2,341,266	2,334,046	7,220
Hospital and medical insurance	1,283,000	1,133,000	1,052,862	80,138
Contractual	2,196,753	2,259,753	1,997,158	262,595
Commodities	654,450	671,450	615,314	56,136
Other	372,850	386,850	173,278	213,572
Legal department	112,600	112,600	90,524	22,076
Vehicle tag expense	75,000	75,000	74,524	476
Debt Service:				
Principal	-	-	32,046	(32,046)
Interest	-	-	3,875	(3,875)
Capital outlay	260,500	260,500	219,239	41,261
Total Expenditures	<u>14,625,308</u>	<u>14,625,308</u>	<u>13,863,042</u>	<u>762,266</u>
Excess of revenues over expenditures	<u>448,310</u>	<u>448,310</u>	<u>2,086,315</u>	<u>1,638,005</u>

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

CITY OF PALOS HEIGHTS, ILLINOIS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)**

YEAR ENDED DECEMBER 31, 2023

	Original and Final Budget	Original and Final Budget	Actual	Variance With Final Budget
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Transfers out	(510,060)	(510,060)	(3,035,024)	(2,524,964)
Total Other Financing Sources (Uses)	(500,060)	(500,060)	(3,035,024)	(2,534,964)
Net change in fund balances	(51,750)	(51,750)	(948,709)	(896,959)
Fund balances at beginning of year	6,544,159	6,544,159	6,544,159	-
Fund balances at end of year	\$ 6,492,409	\$ 6,492,409	\$ 5,595,450	\$ (896,959)

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

CITY OF PALOS HEIGHTS, ILLINOIS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS

DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2022)

	Business-Type Activities - Enterprise Funds			
	Waterworks and Sewerage	Nonmajor Fund	Totals	
			2023	2022
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 10,109,089	\$ 113,556	\$ 10,222,645	\$ 10,172,839
Accounts receivable - water customers:				
Billed	439,931	-	439,931	391,525
Unbilled	1,005,565	-	1,005,565	897,627
Current portion of leases receivable	20,282	-	20,282	18,657
Total Current Assets	<u>11,574,867</u>	<u>113,556</u>	<u>11,688,423</u>	<u>11,480,648</u>
Noncurrent Assets:				
Capital Assets:				
Land	45,849	-	45,849	45,849
Construction in progress	31,691	-	31,691	341,429
Building and improvements	3,578,933	-	3,578,933	3,578,933
Water distribution, storm and sanitary system	9,674,204	-	9,674,204	9,324,228
Equipment	2,574,652	-	2,574,652	2,487,847
Total	15,905,329	-	15,905,329	15,778,286
Less accumulated depreciation	(11,342,278)	-	(11,342,278)	(10,850,438)
Net capital assets	4,563,051	-	4,563,051	4,927,848
Leases receivable, net of current portion	210,803	-	210,803	231,085
Total Noncurrent Assets	<u>4,773,854</u>	<u>-</u>	<u>4,773,854</u>	<u>5,158,933</u>
Total Assets	<u>16,348,721</u>	<u>113,556</u>	<u>16,462,277</u>	<u>16,639,581</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	312,175	-	312,175	473,325
Deferred outflows of resources related to other postemployment benefits	351,121	-	351,121	292,654
Total Deferred Outflows Of Resources	<u>663,296</u>	<u>-</u>	<u>663,296</u>	<u>765,979</u>

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

CITY OF PALOS HEIGHTS, ILLINOIS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (CONTINUED)

DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2022)

	Business-Type Activities - Enterprise Funds			
	Waterworks and Sewerage	Nonmajor Fund	Totals	
			2023	2022
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 835,314	\$ 1,787	\$ 837,101	\$ 676,422
Accrued payroll	14,985	-	14,985	25,662
Current portion of long-term liabilities:				
Compensated absences	159,607	-	159,607	148,657
Total Current Liabilities	<u>1,009,906</u>	<u>1,787</u>	<u>1,011,693</u>	<u>850,741</u>
Long-Term Liabilities:				
Compensated absences	53,203	-	53,203	49,552
Net pension liability	493,805	-	493,805	687,366
Net other postemployment benefits liability	549,292	-	549,292	431,579
Total Long-Term Liabilities	<u>1,096,300</u>	<u>-</u>	<u>1,096,300</u>	<u>1,168,497</u>
Total Liabilities	<u>2,106,206</u>	<u>1,787</u>	<u>2,107,993</u>	<u>2,019,238</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	11,197	-	11,197	13,185
Deferred inflows of resources related to other postemployment benefits	128,759	-	128,759	139,837
Lease related	223,221	-	223,221	249,742
Total Deferred Inflows of Resources	<u>363,177</u>	<u>-</u>	<u>363,177</u>	<u>402,764</u>
NET POSITION				
Net investment in capital assets	4,563,051	-	4,563,051	4,680,568
Unrestricted	9,979,583	111,769	10,091,352	10,302,990
Total Net Position	<u>\$ 14,542,634</u>	<u>\$ 111,769</u>	<u>\$ 14,654,403</u>	<u>\$ 14,983,558</u>

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

CITY OF PALOS HEIGHTS, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	Business-Type Activities - Enterprise Funds			
	Waterworks and Sewerage	Nonmajor Fund	Totals	
			2023	2022
Operating Revenues:				
Charges for services	\$ 8,177,876	\$ 13,561	\$ 8,191,437	\$ 7,389,739
Sales of water meters	1,500	-	1,500	4,950
Other	52,361	-	52,361	11,209
Total Operating Revenues	<u>8,231,737</u>	<u>13,561</u>	<u>8,245,298</u>	<u>7,405,898</u>
Operating Expenses:				
Personnel	1,425,932	-	1,425,932	1,485,398
Contractual	5,916,030	-	5,916,030	3,575,904
Commodities	728,971	7,786	736,757	761,897
Depreciation	491,840	-	491,840	483,393
Other	486,362	-	486,362	483,542
Total Operating Expenses	<u>9,049,135</u>	<u>7,786</u>	<u>9,056,921</u>	<u>6,790,134</u>
Operating Income (Loss)	<u>(817,398)</u>	<u>5,775</u>	<u>(811,623)</u>	<u>615,764</u>
Nonoperating Revenue:				
Investment income	456,638	-	456,638	89,273
Rental income	25,830	-	25,830	26,816
Total Nonoperating Revenue	<u>482,468</u>	<u>-</u>	<u>482,468</u>	<u>116,089</u>
Change in net position	(334,930)	5,775	(329,155)	731,853
Net position at beginning of year	<u>14,877,564</u>	<u>105,994</u>	<u>14,983,558</u>	<u>14,251,705</u>
Net position at end of year	<u>\$ 14,542,634</u>	<u>\$ 111,769</u>	<u>\$ 14,654,403</u>	<u>\$ 14,983,558</u>

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

CITY OF PALOS HEIGHTS, ILLINOIS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	Business-Type Activities - Enterprise Funds			
	Waterworks and Sewerage	Nonmajor Fund	Totals	
			2023	2022
Cash flows from operating activities:				
Receipts from customers and users	\$ 8,075,393	\$ 13,561	\$ 8,088,954	\$ 7,437,866
Payments to employees	(1,408,239)	-	(1,408,239)	(1,370,092)
Payments to suppliers	(6,972,247)	(6,223)	(6,978,470)	(4,581,461)
Net cash flows from operating activities	(305,093)	7,338	(297,755)	1,486,313
Cash flows from noncapital financing activities:				
Rental income	17,966	-	17,966	26,816
Cash flows from capital and related financing activities:				
Payments for purchases of capital assets	(127,043)	-	(127,043)	(590,961)
Cash flows from investing activities:				
Investment income received	456,638	-	456,638	89,273
Net change in cash and cash equivalents	42,468	7,338	49,806	1,011,441
Cash and cash equivalents at beginning of year	10,066,621	106,218	10,172,839	9,161,398
Cash and cash equivalents at end of year	<u>\$ 10,109,089</u>	<u>\$ 113,556</u>	<u>\$ 10,222,645</u>	<u>\$ 10,172,839</u>

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

CITY OF PALOS HEIGHTS, ILLINOIS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	Business-Type Activities - Enterprise Funds			
	Waterworks and Sewerage	Nonmajor Fund	Totals	
			2023	2022
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	\$ (817,398)	\$ 5,775	\$ (811,623)	\$ 615,764
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	491,840	-	491,840	483,393
(Increase) decrease in:				
Accounts receivable	(156,344)	-	(156,344)	31,968
Deferred outflows of resources related to pensions	161,150	-	161,150	(337,083)
Deferred outflows of resources related to other postemployment benefits	(58,467)	-	(58,467)	(9,043)
Net pension asset	-	-	-	261,656
Increase (decrease) in:				
Accounts payable	159,116	1,563	160,679	239,882
Accrued payroll	(10,677)	-	(10,677)	4,544
Compensated absences	14,601	-	14,601	10,904
Net pension liability	(193,561)	-	(193,561)	687,366
Net other postemployment benefits liability	117,713	-	117,713	(41,725)
Deferred inflows of resources related to pensions	(1,988)	-	(1,988)	(537,030)
Deferred inflows of resources related to other postemployment benefits	(11,078)	-	(11,078)	75,717
Net cash flows from operating activities	<u>\$ (305,093)</u>	<u>\$ 7,338</u>	<u>\$ (297,755)</u>	<u>\$ 1,486,313</u>

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

CITY OF PALOS HEIGHTS, ILLINOIS**STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUND – PENSION TRUST FUND***DECEMBER 31, 2023 (WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2022)*

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 8,706	\$ 7,830
Due from City	-	460,463
Accrued interest receivable	67,398	48,262
Prepaid expenses	5,427	5,945
Investments:		
Certificates of deposit	538,232	516,761
Debt issues:		
Corporate	1,931,897	1,652,724
Municipal	1,830,652	1,605,805
GNMA	25,183	28,243
Mutual funds:		
Equities	19,771,830	15,825,239
Mutual money market funds	688,712	1,023,749
U.S. government agency obligations	6,548,094	5,551,243
U.S. Treasury notes	1,338,542	985,984
Total Assets	<u>32,754,673</u>	<u>27,712,248</u>
LIABILITIES		
Accounts payable	<u>20,710</u>	<u>16,284</u>
NET POSITION		
Restricted for pension benefits	<u>\$ 32,733,963</u>	<u>\$ 27,695,964</u>

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

CITY OF PALOS HEIGHTS, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND –
PENSION TRUST FUND

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
Additions:		
Contributions:		
Employees	\$ 324,777	\$ 312,089
Employer	2,334,046	2,413,895
Other	273,807	60,913
Total Contributions	<u>2,932,630</u>	<u>2,786,897</u>
Investment income (loss)	4,387,499	(5,444,351)
Less investment expense	<u>(67,371)</u>	<u>(64,506)</u>
Net investment income (loss)	<u>4,320,128</u>	<u>(5,508,857)</u>
Total Additions	<u>7,252,758</u>	<u>(2,721,960)</u>
Deductions:		
Benefit payments	2,160,785	2,118,823
Refunds of contributions	-	66,228
Administrative expenses	53,974	57,041
Total Deductions	<u>2,214,759</u>	<u>2,242,092</u>
Change in net position	5,037,999	(4,964,052)
Net position at beginning of year	<u>27,695,964</u>	<u>32,660,016</u>
Net position at end of year	<u><u>\$ 32,733,963</u></u>	<u><u>\$ 27,695,964</u></u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

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. All fiduciary activities are reported only in the fund financial statements. *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.

Reporting Entity – The City of Palos Heights, Illinois (City) was incorporated on April 16, 1959. The City Council is composed of the Mayor and eight aldermen which forms the legislative branch of the City. The City provides a wide range of general municipal services, including police protection, crime prevention, community planning and zoning, building inspection and safety, street building and maintenance, traffic control, animal control, street lighting, public improvements, and recreation services. In addition, water and sewer and Metra station parking services are provided under an enterprise fund concept, with user charges set by 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. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Fiduciary-type Component Unit. The City's sworn police employees participate in the Police Pension Fund (PPF). Although it is legally separate from the City, the PPF 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 PPF costs not funded by the PPF 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 the contribution levels, which results in the PPF being fiscally dependent upon the City. The PPF is reported as a pension trust fund.

Discretely Presented Component Unit. The Palos Heights Public Library (Library) is responsible for providing library services to the City's residents. The Library is administered by a separate board appointed by the Mayor of the City of Palos Heights, Illinois and confirmed by the City Council. The Library is fiscally dependent on the City as the tax levy established by the Library must be approved by the City.

A separately issued financial report for the Library can be obtained directly from the administrative offices.

Palos Heights Public Library
12501 S. 71st Avenue
Palos Heights, Illinois 60463

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 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.

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 1—Summary of significant accounting policies (continued)

As discussed earlier, the City has one discretely presented component unit. While the Palos Heights Public Library is considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

As a 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 waterworks and sewerage function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation - Fund Financial Statements – The fund financial statements provide information about the City's funds, including its fiduciary fund. 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. 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 is comprised of three subfunds: the Corporate Fund, the Beautification Committee Fund, and the Vehicle License Fund. The General Fund accounts for all financial resources of the general government, except those required to be accounted in another fund. The services which are administrated by the City and accounted for in the General Fund include general services, public safety, public works, recreation and roads and construction.

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 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 Seizure and Forfeiture Fund, the Motor Fuel Tax Fund, the Social Security Fund, the IMRF Fund, the Special Recreation Fund, the Police DUI Fine Fund, the Cal Sag Trail Fund, the Business District Fund and the PEG Capital Fund.

Capital projects funds are used to 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 funds are the 127th and Harlem Tax Increment Fund and the Gateway Tax Increment Fund.

The Bond and Interest Fund, a debt service fund, is used to account for the accumulation of resources for the payment of general long-term debt principal, interest and related costs.

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 1—Summary of significant accounting policies (continued)

The City reports the following major enterprise fund:

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, operation, maintenance, financing and related debt service, and billing and collection.

The City reports the following nonmajor enterprise fund:

The Metra Station Parking Fund accounts for the operations of a municipal parking lot.

Additionally, the City reports the following fiduciary fund type:

The Pension Trust Fund accounts for funds held by the City in a fiduciary capacity for a public employee retirement system.

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.

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.

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 1—Summary of significant accounting policies (continued)

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 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 expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under installment contracts are reported as other financing sources.

Property 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 (see preceding paragraph for discussion of the availability period). 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 (see preceding paragraph for discussion of the availability period). 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*.

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 all funds except the Pension Trust Fund. 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:

The administration submits to the City Council a proposed operating budget for the year commencing the following January 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 year ended December 31, 2023 was adopted through the passage of ordinance number O-21-22 on December 6, 2022.

The City Administration is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budgets are adopted on the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for enterprise funds. The level of control (level at which expenditures may not exceed budget/appropriations) is the fund.

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 1—Summary of significant accounting policies (continued)

Formal budgetary integration is employed as a management control device during the year for the budgeted funds. Formal budgetary integration was not employed for the Pension Trust Fund because effective budgetary control was achieved through other means.

The budget was amended during the year ended December 31, 2023.

The budget as adopted for each fund is as follows:

General subfunds:	
Corporate	\$ 14,392,958
Beautification Committee	57,350
Vehicle License	175,000
Special revenue funds:	
Seizure and Forfeiture	527,199
Motor Fuel Tax	1,100,000
Social Security	333,000
IMRF	270,000
Special Recreation	262,500
Police DUI Fine	30,400
Business District	235,000
PEG Capital	35,000
Capital projects funds:	
Capital Projects	2,218,000
127th and Harlem Tax Increment	465,500
Gateway Tax Increment	2,439,000
Debt service fund:	
Bond and Interest	462,438
Enterprise funds:	
Waterworks and Sewerage	11,246,880
Metra Station Parking	12,000

Excess of Expenditures over Budget Amounts - For the year ended December 31, 2023, expenditures exceeded budget amounts in the following funds:

Fund	Budget	Actual	Variance
General subfund:			
Vehicle License	\$ 175,000	\$ 179,082	\$ (4,082)

The over expenditure in the Vehicle License Fund was funded by available fund balance.

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 1—Summary of significant accounting policies (continued)

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 asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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. The 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 in accordance with the criteria established in Government Accounting Standards Board ("GASB") 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than fair value. The investment in The Illinois Funds by participants is also reported at amortized cost.

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, which include property, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements and the proprietary fund financial statements in the fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost exceeding the following capitalization limits (amounts not rounded) and an estimated useful life in excess of one year:

Equipment, library collection	\$	5,000
Land, buildings, land and building improvements		20,000
Infrastructure, water distribution, storm and sanitary system		50,000

Such assets are recorded at historical cost. 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 their acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	25-50
Equipment	2-20
Infrastructure	50
Land improvements	10-20
Library collection	5
Water distribution, storm and sanitary system	15-50

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 1—Summary of significant accounting policies (continued)

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 a 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 statement of net position. They are *deferred outflows of resources related to pensions* (see Note 2 for further discussion of deferred outflows of resources related to pensions) and *deferred outflows of resources related to other postemployment benefits* (see Note 2 for further discussion of deferred outflows of resources related to other postemployment benefits).

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a 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, included in the government-wide and fund financial statements, is related to property taxes that are levied for a future period. Two other items, *deferred inflows of resources related to pensions* and *deferred inflows of resources related to other postemployment benefits*, are reported in the government-wide statement of net position (see Note 2 for further discussion of deferred inflows of resources related to pensions and Note 2 for further discussion of deferred inflows of resources related to other postemployment benefits). The fourth item, included in the government-wide financial statements, governmental fund financial statements, and proprietary fund financial statements, is *deferred inflows of resources related to lease receivables* (see Note 1 for further discussion of deferred inflows of resources related to leases).

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 fund types recognize bond premiums and discounts 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.

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 HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 1—Summary of significant accounting policies (continued)

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 Council 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.

Leases – 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, governmental fund financial statements, and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received 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 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 is 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 inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 1—Summary of significant accounting policies (continued)

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 (mailed on or about February 1) is an estimate of the current year's levy based on the prior year's taxes; the second billing (mailed on or about July 1) reflects adjustments to the current year's actual levy. The billings are considered past due 30 days after the respective billing date at which time the applicable property is subject to lien and penalties and interest are assessed. The City receives significant distributions of property tax receipts approximately one month after the due dates.

Compensated Absences – Vacation leave accumulates on January 1 for the current calendar year and must be taken by end of the following calendar year. Sick leave is accumulated at the rate of twelve (12) days per year. Upon retirement, accumulated sick leave may be credited toward retirement as allowed by statute. If an employee elects not to use accumulated sick leave towards retirement, the City pays these days out at the current hourly wage. Vacation pay is accrued when incurred in proprietary funds and reported as a fund liability. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements as noncurrent liabilities, due in more than one year. Vacation pay is only reported in governmental funds if it has matured.

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 enterprise 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 enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets, liabilities and deferred outflows/inflows of resources; the disclosure of contingent assets and liabilities; and the reported revenues and expenses/expenditures. Significant estimates used in preparing the government-wide financial statements include the assumptions used to determine the net pension asset/liability and the total other post-employment benefits liability and the related deferred outflows/inflows of resources. It is at least reasonably possible that the significant estimates used will change within the next year.

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

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 1—Summary of significant accounting policies (continued)

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

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

Comparative Data – Comparative data for the prior year have been presented in the financial statements in order to provide an understanding of the changes in the financial position and operations of the City.

Note 2—Detailed notes on all activities and funds

Deposits and Investments – The City maintains a cash pool that is available for use by all funds, except for the Pension Trust Fund. The deposits and investments of the Pension Trust Fund are held separately from those of other funds.

Cash and cash equivalents as of December 31, 2023 was comprised of the following:

	Government Wide	Fiduciary
Cash on hand	\$ 1,000	\$ -
Deposits with financial institutions	18,026,056	8,706
The Illinois Funds	9,741,857	-
Total	<u>\$ 27,768,913</u>	<u>\$ 8,706</u>

Deposits

City of Palos Heights, Illinois – 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 investment policy protects the City from custodial credit risk by requiring funds on deposit (checking accounts, certificates of deposit, etc.), in excess of Federal Deposit Insurance Corporation (FDIC) limits, to be secured by some form of collateral, witnessed by a written agreement and held at an independent, third party institution in the name of the City of Palos Heights, Illinois. As of December 31, 2023, \$17,461,872 of the City's bank balances of \$18,349,759 was in excess of FDIC limits and was collateralized with securities held by the pledging financial institutions' trust departments or agents in the City's name.

Pension Trust Fund – At December 31, 2023, the Pension Trust Fund's bank balances were fully covered by FDIC insurance.

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

Investments

Pension Trust Fund – As of December 31, 2023, the Pension Trust Fund had the following investments:

Type of Investment	Fair Value	Average Credit Quality Ratings (1)	Weighted Average Years to Maturity (2)
Certificates of deposit	\$ 538,232	N/A	3.06
Debt issues:			
Corporate	1,931,897	Aaa - Baa1	4.83
Municipal	1,830,652	Aaa - Aa2	3.82
GNMA	25,183	N/A	11.13
Mutual funds:			
Equities	19,771,830	N/A	N/A
Mutual money market funds	688,712	N/A	N/A
U.S. government agency obligations	6,548,094	Aaa	5.08
U.S. Treasury notes	1,338,542	Aaa	3.85
Total investments	<u>\$ 32,673,142</u>		

(1) Ratings are provided where applicable to indicate associated *Credit Risk*. N/A indicates not rated.

(2) *Interest Rate Risk* is estimated using weighted average years to maturity.

Investment Policies

The City's investments are subject to the following risks:

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City does not have an investment policy for this risk.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy allows for investment vehicles authorized by Illinois Statutes. Illinois Statutes authorize the City to make deposits in commercial banks and savings and loan institutions, and to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and The Illinois Funds pool.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy requires that all funds on deposit must be secured by some form of collateral, witnessed by a written agreement and held at an independent - third party institution in the City's name.

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have an investment policy for this risk.

Fair Value Measurements – The Pension Trust 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; Level 3 inputs are significant unobservable inputs. There were no changes in valuation techniques in the current year. The Pension Trust Fund had the following recurring fair value measurements as of December 31, 2023:

Certificates of deposit, debt issues, GNMA, mutual money market funds, U.S. government agency obligations, and U.S. Treasury notes – valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yield currently available on comparable securities of issuers with similar credit ratings.

Mutual funds – valued at the daily closing price as reported by the fund. Mutual funds held by the Pension Trust Fund are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Pension Trust Fund are deemed to be actively traded.

The following table summarizes the investments of the Pension Trust Fund for which fair values are determined on a recurring basis as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Certificates of deposit	\$ -	\$ 538,232	\$ -	\$ 538,232
Debt issues:				
Corporate	-	1,931,897	-	1,931,897
Municipal	-	1,830,652	-	1,830,652
GNMA	-	25,183	-	25,183
Mutual funds:				
Equities	19,771,830	-	-	19,771,830
Mutual money market funds	-	688,712	-	688,712
U.S. government agency obligations	-	6,548,094	-	6,548,094
U.S. Treasury notes	-	1,338,542	-	1,338,542
Total investments at fair value	<u>\$ 19,771,830</u>	<u>\$ 12,901,312</u>	<u>\$ -</u>	<u>\$ 32,673,142</u>

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 December 31, 2023 was \$359,208. As of December 31, 2023, the City’s receivable for lease payments was \$1,321,271. 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 December 31, 2023, the balance of the deferred inflow of resources was \$1,271,397.

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

Capital Assets – Capital asset activity for the year ended December 31, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases/ Transfers</u>	<u>Ending Balance</u>
Primary government:				
City of Palos Heights, Illinois:				
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,933,122	\$ -	\$ -	\$ 4,933,122
Construction in progress	142,523	431,886	(7,500)	566,909
Total capital assets not being depreciated	<u>5,075,645</u>	<u>431,886</u>	<u>(7,500)</u>	<u>5,500,031</u>
Capital assets being depreciated:				
Land improvements	8,485,727	-	-	8,485,727
Buildings and improvements	19,927,468	69,300	-	19,996,768
Equipment	4,667,622	139,129	-	4,806,751
Infrastructure	20,028,105	-	-	20,028,105
Total capital assets being depreciated	<u>53,108,922</u>	<u>208,429</u>	<u>-</u>	<u>53,317,351</u>
Less accumulated depreciation for:				
Land improvements	(3,142,589)	(233,684)	-	(3,376,273)
Buildings and improvements	(8,322,112)	(466,743)	-	(8,788,855)
Equipment	(3,599,887)	(330,149)	-	(3,930,036)
Infrastructure	(15,219,538)	(303,612)	-	(15,523,150)
Total accumulated depreciation	<u>(30,284,126)</u>	<u>(1,334,188)</u>	<u>-</u>	<u>(31,618,314)</u>
Total capital assets being depreciated, net	<u>22,824,796</u>	<u>(1,125,759)</u>	<u>-</u>	<u>21,699,037</u>
Governmental activities capital assets, net	<u>\$ 27,900,441</u>	<u>\$ (693,873)</u>	<u>\$ (7,500)</u>	<u>\$ 27,199,068</u>

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases/ Transfers</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 45,849	\$ -	\$ -	\$ 45,849
Construction in progress	341,429	40,238	(349,976)	31,691
Total capital assets, not being depreciated	<u>387,278</u>	<u>40,238</u>	<u>(349,976)</u>	<u>77,540</u>
Capital assets being depreciated:				
Buildings and improvements	3,578,933	-	-	3,578,933
Equipment	2,487,847	86,805	-	2,574,652
Water distribution, storm, and sanitary system	9,324,228	-	349,976	9,674,204
Total capital assets being depreciated	<u>15,391,008</u>	<u>86,805</u>	<u>349,976</u>	<u>15,827,789</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,410,012)	(69,962)	-	(2,479,974)
Equipment	(1,886,650)	(228,051)	-	(2,114,701)
Water distribution, storm, and sanitary system	(6,553,776)	(193,827)	-	(6,747,603)
Total accumulated depreciation	<u>(10,850,438)</u>	<u>(491,840)</u>	<u>-</u>	<u>(11,342,278)</u>
Total capital assets being depreciated, net	<u>4,540,570</u>	<u>(405,035)</u>	<u>349,976</u>	<u>4,485,511</u>
Business-type activities capital assets, net	<u>\$ 4,927,848</u>	<u>\$ (364,797)</u>	<u>\$ -</u>	<u>\$ 4,563,051</u>

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases/ Transfers</u>	<u>Ending Balance</u>
Component unit:				
Palos Heights Public Library:				
Capital assets not being depreciated:				
Land	\$ 314,652	\$ -	\$ -	\$ 314,652
Construction in progress	721,818	-	(721,818)	-
Total capital assets not being depreciated	<u>1,036,470</u>	<u>-</u>	<u>(721,818)</u>	<u>314,652</u>
Capital assets being depreciated:				
Buildings and improvements	4,756,166	723,933	-	5,480,099
Equipment	802,868	-	-	802,868
Library collection	522,101	125,243	(129,469)	517,875
Total capital assets being depreciated	<u>6,081,135</u>	<u>849,176</u>	<u>(129,469)</u>	<u>6,800,842</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (2,630,982)	\$ (134,205)	\$ -	\$ (2,765,187)
Furniture and equipment	(407,124)	(42,139)	-	(449,263)
Library collection	(234,439)	(104,420)	129,469	(209,390)
Total accumulated depreciation	<u>(3,272,545)</u>	<u>(280,764)</u>	<u>129,469</u>	<u>(3,423,840)</u>
Total capital assets being depreciated, net	<u>2,808,590</u>	<u>568,412</u>	<u>-</u>	<u>3,377,002</u>
Palos Heights Public Library capital assets, net	<u>\$ 3,845,060</u>	<u>\$ 568,412</u>	<u>\$ (721,818)</u>	<u>\$ 3,691,654</u>

Depreciation expense was charged to functions/programs as follows:

Primary government:

City of Palos Heights, Illinois:

Governmental activities:

General government	\$ 368,548
Police and emergency services	264,915
Public works	137,193
Recreation and culture	563,532
Total depreciation expense - governmental activities	<u>\$ 1,334,188</u>

Business-type activities:

Waterworks and sewerage	<u>\$ 491,840</u>
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Component unit:

Palos Heights Public Library:

Recreation and culture	<u>\$ 280,764</u>
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CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

Interfund Receivables, Payables and Transfers – The composition of interfund balances at December 31, 2023 is as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 97,656	\$ 75,000
Capital Projects Fund	-	70,299
Nonmajor governmental funds:		
Seizure and Forfeiture Fund	-	4,194
Motor Fuel Tax Fund	-	10,312
Social Security Fund	711	78,547
IMRF Fund	79,392	-
Business District Fund	110,392	3,024
127th and Harlem Tax Increment Fund	-	38,742
Gateway Tax Increment Fund	-	8,033
Total	<u>\$ 288,151</u>	<u>\$ 288,151</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balances of working capital loans made which are expected to be collected in the subsequent year.

Interfund transfers during the year ended December 31, 2023 were as follows:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 2,925,024
General Fund	Nonmajor governmental fund:	
	Business District Fund	75,000
	Social Security Fund	35,000
Nonmajor governmental fund:	Nonmajor governmental fund:	
Social Security Fund	IMRF Fund	78,547
Total		<u>\$ 3,113,571</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 in accordance with budgetary authorizations. As such, authorized transfers were made from the General Fund to the Capital Projects Fund, Business District Fund, and Social Security Fund, and from the Social Security Fund to the IMRF Fund during the year ended December 31, 2023.

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

Long-term Liabilities – Long-term liability activity for the year ended December 31, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions / Adjustments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary government:					
City of Palos Heights, Illinois:					
Governmental activities:					
General obligation bonds	\$ 4,465,000	\$ -	\$ (310,000)	\$ 4,155,000	\$ 320,000
Unamortized issuance premium	126,378	-	(17,700)	108,678	16,617
Notes payable	3,085,670	-	(394,360)	2,691,310	449,706
Installment contract payable	91,426	-	(32,046)	59,380	19,033
Compensated absences payable	1,727,023	1,454,983	(1,554,321)	1,627,685	1,464,917
Net pension liabilities:					
Police Pension	21,643,487	998,850	(5,901,756)	16,740,581	-
Illinois Municipal Retirement	2,507,274	70,848	(817,480)	1,760,642	-
Other postemployment benefits liability	1,429,477	95,174	299,834	1,824,485	-
Governmental activity long-term liabilities	<u>\$ 35,075,735</u>	<u>\$ 2,619,855</u>	<u>\$ (8,727,829)</u>	<u>\$ 28,967,761</u>	<u>\$ 2,270,273</u>
Business-type activities:					
Compensated absences payable	198,209	163,257	(148,656)	212,810	159,607
Net pension liability:					
Illinois Municipal Retirement	687,366	37,043	(230,604)	493,805	-
Other postemployment benefits liability	431,579	48,168	69,545	549,292	-
Business-type activity long-term liabilities	<u>\$ 1,317,154</u>	<u>\$ 248,468</u>	<u>\$ (309,715)</u>	<u>\$ 1,255,907</u>	<u>\$ 159,607</u>
Component unit:					
Palos Heights Public Library:					
Net pension liability:					
Illinois Municipal Retirement	<u>\$ 686,589</u>	<u>\$ 17,770</u>	<u>\$ (227,581)</u>	<u>\$ 476,778</u>	<u>\$ -</u>

Debt service of the general obligation bonds will be paid from the Bond and Interest Fund. Debt service of the notes payable will be paid from the Business District Fund and the 127th and Harlem Tax Increment Fund. Debt service of the governmental activity installment contract will be paid from the Capital Projects Fund. Governmental activity long-term liabilities other than debt have typically been repaid from the General Fund in prior years. Business activity long-term liabilities will be paid from the Waterworks and Sewerage Fund.

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

Primary Government - Governmental Activities

General Obligation Bonds – General obligation bonds, which were used to renovate the recreation facility and build an addition, are direct obligations and pledge the full faith and credit of the City.

Denomination	\$5,000
Bonds due each year	December 15th
Interest dates	June 1st and December 1st
Interest rates	3.00% - 3.75%
Paying agent	Amalgamated Bank of Chicago, Illinois
Total original issue	\$6,300,000

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 320,000	\$ 142,638	\$ 462,638
2025	330,000	133,038	463,038
2026	340,000	123,138	463,138
2027	350,000	112,088	462,088
2028	360,000	100,713	460,713
2029	375,000	88,113	463,113
2030	390,000	74,988	464,988
2031	400,000	61,338	461,338
2032	415,000	47,338	462,338
2033	430,000	32,813	462,813
2034	445,000	16,688	461,688
Total	<u>\$ 4,155,000</u>	<u>\$ 932,893</u>	<u>\$ 5,087,893</u>

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

Notes Payable – The City has pledged certain future revenues to repay notes payable of \$4,000,000 that were issued in 2014 and \$250,000 that were issued in 2021. The notes are payable from 80% of the incremental property tax in the 127th and Harlem TIF Fund, 100% of business district sales tax, and 35% of the incremental sales tax. The notes are payable in annual installments, which include interest at 6.36%, with the final payment due in December 2033. As of December 31, 2023, the City paid \$3,733,835 in principal and interest on the notes payable. \$2,347,926 was paid from incremental property tax revenue, \$1,007,140 from business district sales tax revenue and \$378,769 from incremental sales tax. Future payments of principal and interest have been estimated by management to be as follows:

Year	Principal				Interest			
	Incremental Property Tax	Business District Sales Tax	Incremental Sales Tax	Total	Incremental Property Tax	Business District Sales Tax	Incremental Sales Tax	Total
2024	\$ 251,835	\$ 152,900	\$ 44,971	\$ 449,706	\$ 146,951	\$ 7,100	\$ 17,117	\$ 171,168
2025	306,229	168,200	52,714	527,143	128,309	-	14,257	142,566
2026	339,000	172,401	56,822	568,223	98,136	-	10,904	109,040
2027	374,095	176,700	61,199	611,994	65,611	-	7,290	72,901
2028	299,682	181,138	53,424	534,244	30,581	-	3,398	33,979
Total	<u>\$ 1,570,841</u>	<u>\$ 851,339</u>	<u>\$ 269,130</u>	<u>\$ 2,691,310</u>	<u>\$ 469,588</u>	<u>\$ 7,100</u>	<u>\$ 52,966</u>	<u>\$ 529,654</u>

Installment Contract Payable – The City entered into an installment contract for fitness equipment on April 30, 2022. Payments under the contract, including interest at 5.00%, are due as follows:

Year	Principal	Interest	Total
2024	\$ 19,033	\$ 2,969	\$ 22,002
2025	19,985	2,017	22,002
2026	20,362	1,018	21,380
Total	<u>\$ 59,380</u>	<u>\$ 6,004</u>	<u>\$ 65,384</u>

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

Legal Debt Margin – The legal debt margin of the City as of December 31, 2023 is calculated as follows:

Assessed valuation - 2022 tax year (most current valuation available)	<u>\$ 424,621,585</u>
Statutory debt limitation (8.625% of assessed valuation)	<u>\$ 36,623,612</u>
Debt applicable to limit:	
Primary government:	
City of Palos Heights, Illinois:	
Governmental activities:	
General obligation bonds outstanding	4,263,678
Installment contracts payable	<u>59,380</u>
Total debt applicable to limit	<u>4,323,058</u>
Legal debt margin	<u>\$ 32,300,554</u>

Fund Balances – As of December 31, 2023, fund balances were comprised of the following:

	<u>General</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Restricted:				
Capital projects	\$ -	\$ -	\$ 2,741,485	\$ 2,741,485
Community redevelopment	-	-	221,536	221,536
Debt service	-	-	86,981	86,981
Law enforcement	-	-	682,720	682,720
PEG Capital	-	-	8,115	8,115
Road construction and maintenance	-	-	876,906	876,906
Social Security and IMRF	-	-	213,633	213,633
Special recreation programs	-	-	91,028	91,028
Total restricted	<u>-</u>	<u>-</u>	<u>4,922,404</u>	<u>4,922,404</u>
Assigned:				
Capital projects	-	6,872,397	-	6,872,397
Community redevelopment	-	-	124,179	124,179
Law enforcement	-	-	17,272	17,272
Social Security and IMRF	-	-	61,278	61,278
Special recreation programs	-	-	152,367	152,367
Total assigned	<u>-</u>	<u>6,872,397</u>	<u>355,096</u>	<u>7,227,493</u>
Unassigned	<u>5,595,450</u>	<u>-</u>	<u>-</u>	<u>5,595,450</u>
Total fund balances	<u>\$ 5,595,450</u>	<u>\$ 6,872,397</u>	<u>\$ 5,277,500</u>	<u>\$ 17,745,347</u>

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

Employee Retirement and Post-Employment 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 and the qualified employees of the Library. The City also maintains an other postemployment benefit plan (Health Insurance Plan for Retired Employees). The information presented in the following notes for these plans is the most current information available as of December 31, 2023.

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 five members. Two members of the Board shall be appointed by the mayor; one member of the Board shall be elected by and from among the beneficiaries of the fund, if any; and two members of the Board shall be elected from the regular police force by the full-time members thereof (neither of the members elected by the regular police force need to be residents of the City).

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 Police Pension Fund issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained at the Fund's administrative office, located at 7607 W. College Drive, Palos Heights, IL 60463.

Benefits Provided. The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired as a police officer prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. A police officer's salary for pension purposes is capped at \$106,800. The cap is adjusted annually by the lesser of 1/2 of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 10 years of service may retire at or after age 50 and receive a reduced benefit (i.e., 1/2% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or 1/2 of the change in the Consumer Price Index for the preceding calendar year.

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

Employees Covered by Benefit Terms. At December 31, 2023, the Police Pension Plan's membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	23
Inactive employees entitled to but not receiving benefits	3
Active employees	28
Total	<u>54</u>

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 amount 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 December 31, 2023, the City's contribution was 71.2% of covered payroll.

Investment Policy. The Police Pension Plan's investment program is derived from the terms and provisions of the ILCS. ILCS requires the Police Pension Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board. During the year, no changes to the investment policy were approved by the Board of Trustees.

The following investments are allowed as limited by the provisions of the ILCS:

- Direct obligations of the United States of America
- Obligations that are fully guaranteed or insured by the United States of America
- Obligations of agencies of the United States of America
- Insured savings accounts or certificates of deposit issued by banks or savings and loan associations
- Insured investments in credit unions
- Bonds of the state of Illinois
- Pooled accounts managed by the Illinois Public Treasurer's Investment Pool
- Funds and pooled accounts managed, operated and administered by banks, subsidiaries of banks, or subsidiaries of bank holding companies
- Obligations of any county, township, or municipal corporation of the state of Illinois
- Money market mutual funds
- General and separate accounts of life insurance companies
- Mutual funds
- Common and preferred stocks

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

Net Pension Liability. The City's net pension liability was measured as of December 31, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 using the following actuarial assumptions. The total pension liability was rolled forward by the actuary using updating procedures to December 31, 2023.

Actuarial cost method - Entry age

Inflation – 2.25%

Salary increases – 3.5% - 12.31%

Investment rate of return – 6.75%, net of administrative expenses

20-year tax-exempt general obligation bond rate – 3.26%

Asset valuation method - 5-year smoothed fair value

Mortality rates for active employees follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis. Mortality rates for retirees were based on the L&A Assumptions Study for Police 2020. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are then improved fully generationally using MP- 2019 Improvement Rates. Mortality rates for disabled employees were based on the PubS-2010 Study for disabled participants. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

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 by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Police Pension Plan's target asset allocation as of December 31, 2023 (see the discussion of the Police Pension Plan's investment policy) are summarized in the following table:

Asset Class	Portfolio Target Allocation	Long-term Expected Real Rate of Return
Large cap domestic equity	42%	5.9%
Small cap domestic equity	12%	7.7%
Fixed income	40%	1.1%
International equity	6%	6.9%
Total	100%	

Single Discount Rate. The discount rate used in the determination of the total pension liability is based on a combination of the expected rate of return on plan investments and the municipal bond rate.

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

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

Changes in the Net Pension Liability. Changes in the City's net pension liability for the year ended December 31, 2023 were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at December 31, 2022	\$ 49,339,451	\$ 27,695,964	\$ 21,643,487
Changes for the year:			
Service cost	711,383	-	711,383
Interest on the total pension liability	3,153,514	-	3,153,514
Changes in benefit terms	(27,419)	-	(27,419)
Differences between expected and actuarial experience	(1,541,600)	-	(1,541,600)
Net investment income	-	4,320,128	(4,320,128)
Contributions - employees	-	324,777	(324,777)
Contributions - employer	-	2,334,046	(2,334,046)
Contributions - other	-	273,807	(273,807)
Benefit payments, including refunds of employee contributions	(2,160,785)	(2,160,785)	-
Administrative expense	-	(53,974)	53,974
Net changes	135,093	5,037,999	(4,902,906)
Balances at December 31, 2023	\$ 49,474,544	\$ 32,733,963	\$ 16,740,581

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Lower	Current	1% Higher
	(5.75%)	Discount Rate	(7.75%)
	(5.75%)	(6.75%)	(7.75%)
City's net pension liability	\$ 23,835,654	\$ 16,740,581	\$ 10,954,457

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 as well as in a separately issued financial report of the Plan.

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended December 31, 2023, the City recognized pension expense of \$998,850. At December 31, 2023, 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>
Differences between expected and actual experience	\$ 415,814	\$ 2,219,479
Changes of assumptions	296,167	10,373
Net difference between projected and actual earnings on Plan investments	<u>1,669,978</u>	<u>-</u>
Total	<u>\$ 2,381,959</u>	<u>\$ 2,229,852</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense in years ending December 31 as follows:

2024	\$ 89,643
2025	478,089
2026	761,162
2027	(804,460)
2028	(223,741)
Thereafter	<u>(148,586)</u>
Total	<u>\$ 152,107</u>

Illinois Municipal Retirement Fund – Library employees participate in the Illinois Municipal Retirement Fund (IMRF) through the City. Thus, the information that follows includes both City and Library employees and balances.

Plan Description. The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City's plan is managed by 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.

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

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

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

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

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

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

Retirees and beneficiaries currently receiving benefits	84
Inactive plan members entitled to but not yet receiving benefits	63
Active plan members	<u>58</u>
Total	<u><u>205</u></u>

Contributions. As set by statute, the City's RP 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 required contribution rate for calendar year 2023 was 9.09%. For the year ended December 31, 2023, the City contributed \$395,198 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute. Contributions for the year ended December 31, 2023 are reported in the financial statements as follows:

Governmental activities	\$ 254,768
Business-type activities	71,442
Component unit	<u>68,988</u>
Total contributions	<u><u>\$ 395,198</u></u>

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

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

Actuarial Assumptions. The following are the methods and assumptions used to determine the total pension liability at December 31, 2023:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Fair Value of Assets.
- The Inflation Rate was assumed to be 2.25%.
- Salary Increases were expected to be 2.85% to 13.75%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2023 valuation, pursuant to an experience study from years 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, 2023:

Asset Class	Portfolio Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	35%	5.00%
International equity	18%	6.35%
Fixed income	24%	4.75%
Real estate	10%	6.30%
Alternative investments	12%	6.05 - 8.65%
Cash equivalents	1%	3.80%
Total	100%	

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

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

Changes in the Net Pension Liability. Changes in the City's net pension liability for the year ended December 31, 2023 were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at December 31, 2022	\$ 21,945,571	\$ 18,750,931	\$ 3,194,640
Changes for the year:			
Service cost	320,250		320,250
Interest on the total pension liability	1,567,830		1,567,830
Differences between expected and actual experience	202,184		202,184
Changes of assumptions	(2,071)		(2,071)
Net investment income	-	2,479,965	(2,479,965)
Contributions - employees	-	184,011	(184,011)
Contributions - employer	-	(49,762)	49,762
Benefit payments, including refunds of employee contributions	(1,220,420)	(1,220,420)	-
Other changes	-	414,172	(414,172)
Net changes	<u>867,773</u>	<u>1,807,966</u>	<u>(940,193)</u>
Balances at December 31, 2023	<u>\$ 22,813,344</u>	<u>\$ 20,558,897</u>	<u>\$ 2,254,447</u>

The net pension liability as of December 31, 2023 is reported on the financial statements as follows:

Governmental activities	\$ 1,760,642
Business-type activities	493,805
Total net pension liability - Primary government	<u>\$ 2,254,447</u>

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

Changes in the component unit's net pension liability for the year ended December 31, 2023 were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at December 31, 2022	\$ 4,646,945	\$ 3,960,356	\$ 686,589
Changes for the year:			
Service cost	67,727		67,727
Interest on the total pension liability	320,595		320,595
Differences between expected and actual experience	42,759		42,759
Changes of assumptions	(438)		(438)
Net investment income	-	68,988	(68,988)
Contributions - employees	-	38,915	(38,915)
Contributions - employer	-	444,960	(444,960)
Benefit payments, including refunds of employee contributions	(258,099)	(258,099)	-
Other changes	-	87,591	(87,591)
Net changes	172,544	382,355	(209,811)
Balances at December 31, 2023	\$ 4,819,489	\$ 4,342,711	\$ 476,778

Sensitivity of the Net Pension Liability to Changes in the 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:

	1% Lower	Current	1% Higher
	(6.25%)	Discount Rate	(8.25%)
	(6.25%)	(7.25%)	(8.25%)
Primary government:			
Governmental activities	\$ 3,954,319	\$ 1,760,642	\$ 16,364
Business-type activities	1,109,063	493,805	4,590
Component unit:			
Palos Heights Public Library	1,070,821	476,778	4,431

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the year ended December 31, 2023, the City recognized pension expense of \$125,661. Pension expense for the year ended December 31, 2023 is reported in the financial statements as follows:

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

Governmental activities	\$ 70,848
Business-type activities	37,043
Component unit	17,770
Total pension expense	<u>\$ 125,661</u>

At December 31, 2023, 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>
Primary government:		
Differences between expected and actual experience	\$ 317,958	\$ -
Changes of assumptions	-	1,448
Net difference between projected and actual earnings on Plan investments	1,078,812	-
Changes in proportionate share	<u>10,018</u>	<u>17,931</u>
Total	<u>1,406,788</u>	<u>19,379</u>
Governmental activities	\$ 1,094,613	\$ 8,182
Business-type activities	<u>312,175</u>	<u>11,197</u>
Total	<u>\$ 1,406,788</u>	<u>\$ 19,379</u>
Component unit:		
Differences between expected and actual experience	\$ 59,333	\$ -
Changes of assumptions	-	306
Net difference between projected and actual earnings on Plan investments	228,160	-
Changes in proportionate share	<u>7,913</u>	<u>-</u>
Total	<u>\$ 295,406</u>	<u>\$ 306</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense in years ending December 31 as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
2024	\$ 326,031	\$ 69,346
2025	448,475	95,390
2026	763,157	162,322
2027	<u>(150,254)</u>	<u>(31,958)</u>
Total	<u>\$ 1,387,409</u>	<u>\$ 295,100</u>

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

Summary of Pension Information – For purposes of measuring the net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (income) expense, 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, (asset) liabilities, deferred inflows of resources, and pension (income) expense/expenditures for the City are summarized as follows:

	Primary Government - City of Palos Heights, Illinois		
	PPP	IMRF	Total
Deferred outflows of resources	\$ 2,381,959	\$ 1,406,788	\$ 3,788,747
Net pension liability	16,740,581	2,254,447	18,995,028
Deferred inflows of resources	2,229,852	19,379	2,249,231
Pension expense	998,850	107,891	1,106,741
Pension expenditures	2,334,046	254,768	2,588,814

Health Insurance Plan for Retired Employees – Plan Description. In addition to providing the pension benefits described above, the City provides post-employment health care benefits (OPEB) for retired employees and their dependents through a single-employer defined benefit plan (the 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 that meets the criteria in paragraph 4 of GASB 75.

Benefits Provided. The City provides limited health care insurance coverage for its eligible retired employees and their dependents. Such coverage is provided for retired employees until they reach age 65. Retired employees are required to pay 100% of the premiums for such coverage.

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

Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	-
Active employees	72
Total	<u>81</u>

Total OPEB Liability. The City's total OPEB liability of \$2,373,777 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

Actuarial Assumption and Other Inputs. The total OPEB liability in the December 31, 2023 actuarial valuation 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 4.00%, including inflation.
- The discount rate of 4.00% was based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve).
- Healthcare cost trend rate was expected to be 6.50% initially, reduced by decrements to an ultimate rate of 4.50%.
- Age-based turnover rates were developed based on probability of remaining employed until assumed retirement age.
- Mortality rates were based on the PubS.H-2010 Safety Mortality Table with mortality improvement using Scale MP-2020 for police participants, and PubG.H-2010 General Mortality Table with mortality improvement using Scale MP-2020 for IMRF participants.
- 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 December 31, 2023 were as follows:

	<u>Total OPEB Liability</u>
Balance at December 31, 2022	\$ 1,861,056
Changes for the year:	
Service cost	78,649
Interest expense	78,156
Difference between expected and actual experience	(1,779)
Changes of assumptions or other inputs	453,093
Benefit payments	<u>(95,398)</u>
Net changes	<u>512,721</u>
Balance at December 31, 2023	<u><u>\$ 2,373,777</u></u>

The change in assumptions amount of \$453,093 was primarily the result of changes in the marital status assumption and average expected remaining service lives.

The total OPEB liability as of December 31, 2023 is reported in the financial statements as follows:

Governmental activities	\$ 1,824,485
Business-type activities	<u>549,292</u>
Total OPEB liability	<u><u>\$ 2,373,777</u></u>

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

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:

	1% Lower (3.00%)	Current Discount Rate (4.00%)	1% Higher (5.00%)
Total OPEB liability	\$ 2,600,093	\$ 2,373,777	\$ 2,170,664

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:

	1% Lower (3.5% to 7.5%)	Current Healthcare Cost Trend Rates (4.5% to 6.5%)	1% Higher (5.5% to 9.5%)
Total OPEB liability	\$ 2,132,676	\$ 2,373,777	\$ 2,653,990

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended December 31, 2023, the City recognized OPEB expense of \$143,342. OPEB expense for the year ended December 31, 2023 is reported in the financial statements as follows:

Governmental activities	\$ 95,174
Business-type activities	48,168
Total OPEB expense	<u>\$ 143,342</u>

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

Deferred Amounts Related to OPEB	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 44,059	\$ 44,266
Changes in assumptions and other inputs	997,480	446,410
Change in proportionate share	125,323	125,323
Total	<u>\$ 1,166,862</u>	<u>\$ 615,999</u>

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 2—Detailed notes on all activities and funds (continued)

<u>Deferred Amounts Related to OPEB</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Governmental activities	\$ 815,741	\$ 487,240
Business-type activities	351,121	128,759
Total	<u>\$ 1,166,862</u>	<u>\$ 615,999</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in years ending December 31 as follows:

2024	\$ 81,963
2025	81,963
2026	81,963
2027	81,963
2028	81,786
Thereafter	<u>141,225</u>
Total	<u>\$ 550,863</u>

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

The City's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. Each member assumes the \$1,000 of each occurrence for years prior to 2004 and \$2,500 for each occurrence in 2004 and subsequent years. Beginning in 2005, members were given the option to assume higher deductibles. IRMA has a mix of self-insurance and commercial insurance at various amounts above that level.

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

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the bylaws of IRMA, experience modification factors based on past member loss experience and optional deductible credits. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits.

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN CALENDAR YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service cost	\$ 711,383	\$ 669,897	\$ 666,622	\$ 678,898	\$ 627,309	\$ 579,804	\$ 602,360	\$ 564,272	\$ 401,819	\$ 386,047
Interest on the total pension liability	3,153,514	3,149,926	3,036,058	2,992,604	2,832,964	2,701,050	2,594,010	2,289,193	2,392,955	2,311,917
Changes in benefit terms	(27,419)	(29,017)	-	-	277,862	-	-	-	-	-
Differences between expected and actual experience	(1,541,600)	100,420	(969,331)	616,576	(998,257)	423,492	127,223	174,661	(477,761)	-
Changes of assumptions	-	-	-	(23,717)	799,862	-	-	3,159,527	1,306,292	-
Benefit payments, including refunds of employee contributions	(2,160,785)	(2,185,051)	(2,130,201)	(1,859,064)	(1,769,496)	(1,730,623)	(1,745,025)	(1,611,364)	(1,623,718)	(1,594,195)
Net Change in Total Pension Liability	135,093	1,706,175	603,148	2,405,297	1,770,244	1,973,723	1,578,568	4,576,289	1,999,587	1,103,769
Total pension liability at beginning of year	49,339,451	47,633,276	47,030,128	44,624,831	42,854,587	40,880,864	39,302,296	34,726,007	32,726,420	31,622,651
Total Pension Liability at End of Year	<u>\$ 49,474,544</u>	<u>\$ 49,339,451</u>	<u>\$ 47,633,276</u>	<u>\$ 47,030,128</u>	<u>\$ 44,624,831</u>	<u>\$ 42,854,587</u>	<u>\$ 40,880,864</u>	<u>\$ 39,302,296</u>	<u>\$ 34,726,007</u>	<u>\$ 32,726,420</u>
Plan Fiduciary Net Position:										
Contributions - employees	\$ 324,777	\$ 312,089	\$ 297,453	\$ 304,570	\$ 281,434	\$ 268,587	\$ 331,562	\$ 257,628	\$ 249,211	\$ 232,255
Contributions - employer	2,334,046	2,413,895	2,297,394	2,071,195	2,081,050	1,791,557	1,533,870	1,431,455	1,325,572	1,332,537
Other	273,807	60,913	-	-	-	-	-	-	-	-
Net investment income (loss)	4,320,128	(5,508,857)	3,457,758	3,808,707	3,899,640	(956,338)	2,406,415	1,112,510	212,152	1,091,919
Benefit payments, including refunds of employee contributions	(2,160,785)	(2,185,051)	(2,130,201)	(1,859,064)	(1,769,496)	(1,730,623)	(1,745,025)	(1,611,364)	(1,623,718)	(1,594,195)
Administrative expense	(53,974)	(57,041)	(55,472)	(49,118)	(51,991)	(29,102)	(35,837)	(29,905)	(32,040)	(31,200)
Net Change in Plan Fiduciary Net Position	5,037,999	(4,964,052)	3,866,932	4,276,290	4,440,637	(655,919)	2,490,985	1,160,324	131,177	1,031,316
Plan fiduciary net position at beginning of year	27,695,964	32,660,016	28,793,084	24,516,794	20,076,157	20,732,076	18,241,091	17,080,767	16,949,590	15,918,274
Plan Fiduciary Net Position at End of Year	<u>\$ 32,733,963</u>	<u>\$ 27,695,964</u>	<u>\$ 32,660,016</u>	<u>\$ 28,793,084</u>	<u>\$ 24,516,794</u>	<u>\$ 20,076,157</u>	<u>\$ 20,732,076</u>	<u>\$ 18,241,091</u>	<u>\$ 17,080,767</u>	<u>\$ 16,949,590</u>
Employer's Net Pension Liability at End of Year	<u>\$ 16,740,581</u>	<u>\$ 21,643,487</u>	<u>\$ 14,973,260</u>	<u>\$ 18,237,044</u>	<u>\$ 20,108,037</u>	<u>\$ 22,778,430</u>	<u>\$ 20,148,788</u>	<u>\$ 21,061,205</u>	<u>\$ 17,645,240</u>	<u>\$ 15,776,830</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>66.16%</u>	<u>56.13%</u>	<u>68.57%</u>	<u>61.22%</u>	<u>54.94%</u>	<u>46.85%</u>	<u>50.71%</u>	<u>46.41%</u>	<u>49.19%</u>	<u>51.79%</u>
Covered payroll	<u>\$ 3,277,251</u>	<u>\$ 3,037,753</u>	<u>\$ 2,990,339</u>	<u>\$ 2,963,009</u>	<u>\$ 2,808,438</u>	<u>\$ 2,622,430</u>	<u>\$ 2,639,396</u>	<u>\$ 2,556,316</u>	<u>\$ 2,528,512</u>	<u>\$ 2,331,147</u>
Employer's net pension liability as a percentage of covered payroll	<u>510.81%</u>	<u>712.48%</u>	<u>500.72%</u>	<u>615.49%</u>	<u>715.99%</u>	<u>868.60%</u>	<u>763.39%</u>	<u>823.89%</u>	<u>697.85%</u>	<u>676.78%</u>

Notes to Schedule of Changes in the Employer's Net Pension Liability:

Changes of Assumptions – The change of assumptions amount of \$799,862 in 2019 was primarily the result of a change in the rate of individual pay increases based on a new bargaining agreement, as well as changes in inflation rates, mortality rates, retirement rates, termination rates and disability rates based on a comprehensive study of police pension funds in the state of Illinois. The change of assumptions amounts in 2016 and 2015 were primarily the result of changes in demographic assumptions based on studies of police pension funds in Illinois.

CITY OF PALOS HEIGHTS, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION – POLICE PENSION PLAN

LAST TEN CALENDAR YEARS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 2,341,266	\$ 2,393,867	\$ 2,296,846	\$ 2,072,267	\$ 2,070,000	\$ 1,792,221	\$ 1,585,000	\$ 1,361,133	\$ 1,307,931	\$ 1,224,345
Contributions in relation to the actuarially determined contribution	2,334,046	2,413,895	2,297,394	2,071,195	2,081,050	1,791,557	1,533,870	1,431,455	1,325,572	1,332,537
Contribution (Deficiency) Excess	\$ 7,220	\$ (20,028)	\$ (548)	\$ 1,072	\$ (11,050)	\$ 664	\$ 51,130	\$ (70,322)	\$ (17,641)	\$ (108,192)
Covered payroll	\$ 3,277,251	\$ 3,037,753	\$ 2,990,339	\$ 2,963,009	\$ 2,808,438	\$ 2,622,430	\$ 2,639,396	\$ 2,556,316	\$ 1,343,213	\$ 2,331,147
Contributions as a percentage of covered payroll	71.22%	79.46%	76.83%	69.90%	74.10%	68.32%	58.11%	56.00%	98.69%	57.16%

Notes to Schedule of Employer Contributions:

Valuation Date Actuarially determined contribution rates are calculated as of January 1, 2023.

Methods and Assumptions used to Determine Contribution Rates.

Actuarial cost method	Entry age
Amortization method	Level percentage of pay (closed)
Remaining amortization period	12.77 years
Asset valuation method	5-year smoothed fair value
Inflation	2.25%
Salary increases	3.5% - 12.31%
Investment rate of return	6.75%, net of administrative expenses.

SCHEDULE OF INVESTMENT RETURNS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	15.53%	-16.81%	11.91%	15.26%	19.03%	-4.48%	13.05%	6.46%	1.27%	6.84%

CITY OF PALOS HEIGHTS, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION – ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

LAST TEN CALENDAR YEARS
(SCHEDULES TO BE BUILT PROSPECTIVELY)

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:									
Service cost	\$ 387,977	\$ 366,518	\$ 383,322	\$ 402,293	\$ 383,302	\$ 347,009	\$ 351,233	\$ 359,540	\$ 357,665
Interest on the total pension liability	1,888,425	1,800,053	1,737,101	1,593,313	1,544,326	1,442,934	1,430,031	1,387,809	1,311,862
Differences between expected and actual experience of the total pension liability	244,943	501,952	151,707	1,602,774	(145,529)	563,850	(63,109)	(345,918)	135,651
Changes of assumptions	(2,509)	-	-	(311,811)	-	632,774	(664,788)	(48,316)	23,426
Benefit payments, including refunds of employee contributions	(1,478,519)	(1,442,132)	(1,348,711)	(1,238,883)	(992,960)	(892,596)	(865,831)	(805,145)	(776,400)
Net Change in Total Pension Liability	1,040,317	1,226,391	923,419	2,047,686	789,139	2,093,971	187,536	547,970	1,052,204
Total pension liability at beginning of year	26,592,516	25,366,125	24,442,706	22,395,020	21,605,881	19,511,910	19,324,374	18,776,404	17,724,200
Total Pension Liability at End of Year	<u>\$ 27,632,833</u>	<u>\$ 26,592,516</u>	<u>\$ 25,366,125</u>	<u>\$ 24,442,706</u>	<u>\$ 22,395,020</u>	<u>\$ 21,605,881</u>	<u>\$ 19,511,910</u>	<u>\$ 19,324,374</u>	<u>\$ 18,776,404</u>
Plan Fiduciary Net Position:									
Contributions - employees	\$ 222,926	\$ 186,014	\$ 182,588	\$ 204,969	\$ 176,558	\$ 168,553	\$ 194,876	\$ 152,361	\$ 148,433
Contributions - employer	395,198	441,475	428,488	502,190	377,863	442,134	431,181	430,424	432,689
Net investment income (loss)	2,548,953	(3,519,499)	4,064,352	2,919,238	3,329,133	(967,034)	2,902,427	1,076,475	77,695
Benefit payments, including refunds of employee contributions	(1,478,519)	(1,442,132)	(1,348,711)	(1,238,883)	(992,960)	(892,596)	(865,831)	(805,145)	(776,400)
Other changes	501,763	111,566	(182,382)	295,952	174,881	536,427	(520,468)	61,253	176,599
Net Change in Plan Fiduciary Net Position	2,190,321	(4,222,576)	3,144,335	2,683,466	3,065,475	(712,516)	2,142,185	915,368	59,016
Plan fiduciary net position at beginning of year	22,711,287	26,933,863	23,789,528	21,106,062	18,040,587	18,753,103	16,610,918	15,695,550	15,636,534
Plan Fiduciary Net Position at End of Year	<u>\$ 24,901,608</u>	<u>\$ 22,711,287</u>	<u>\$ 26,933,863</u>	<u>\$ 23,789,528</u>	<u>\$ 21,106,062</u>	<u>\$ 18,040,587</u>	<u>\$ 18,753,103</u>	<u>\$ 16,610,918</u>	<u>\$ 15,695,550</u>
Net Pension (Asset) Liability at End of Year	<u>\$ 2,731,225</u>	<u>\$ 3,881,229</u>	<u>\$ (1,567,738)</u>	<u>\$ 653,178</u>	<u>\$ 1,288,958</u>	<u>\$ 3,565,294</u>	<u>\$ 758,807</u>	<u>\$ 2,713,456</u>	<u>\$ 3,080,854</u>
Plan fiduciary net position as a percentage of the total pension liability	90.12%	85.40%	106.18%	97.33%	94.24%	83.50%	96.11%	85.96%	83.59%
Covered payroll	<u>\$ 4,347,614</u>	<u>\$ 4,133,656</u>	<u>\$ 4,056,151</u>	<u>\$ 4,134,308</u>	<u>\$ 3,922,138</u>	<u>\$ 3,704,691</u>	<u>\$ 3,518,408</u>	<u>\$ 3,350,819</u>	<u>\$ 3,296,405</u>
Net pension (asset) liability as a percentage of covered payroll	<u>62.82%</u>	<u>93.89%</u>	<u>-38.65%</u>	<u>15.80%</u>	<u>32.86%</u>	<u>96.24%</u>	<u>21.57%</u>	<u>80.98%</u>	<u>93.46%</u>

Note to Schedule:

The information in the schedule will accumulate until a full 10-year trend is presented as required by GASB 68.

CITY OF PALOS HEIGHTS, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION – ILLINOIS MUNICIPAL RETIREMENT FUND

LAST TEN CALENDAR YEARS
(SCHEDULES TO BE BUILT PROSPECTIVELY)

SCHEDULE OF EMPLOYER CONTRIBUTIONS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 395,198	\$ 441,474	\$ 428,330	\$ 480,820	\$ 377,702	\$ 441,970	\$ 431,005	\$ 430,245	\$ 426,884
Contributions in relation to the actuarially determined contribution	395,198	441,475	428,488	502,190	377,863	442,134	431,181	430,424	432,689
Contribution Deficiency (Excess)	\$ -	\$ (1)	\$ (158)	\$ (21,370)	\$ (161)	\$ (164)	\$ (176)	\$ (179)	\$ (5,805)
Covered payroll	\$ 4,347,614	\$ 4,133,656	\$ 4,056,151	\$ 4,134,308	\$ 3,922,138	\$ 3,704,691	\$ 3,518,408	\$ 3,350,819	\$ 3,296,405
Actual contribution as a percentage of covered payroll	9.09%	10.68%	10.56%	12.15%	9.63%	11.93%	12.26%	12.85%	13.13%

Note to Schedule:

The information in the schedule will accumulate until a full 10-year trend is presented as required by GASB 68.

Summary of Actuarial methods and assumptions used in the calculation of the 2023 contribution rate

Valuation Date:

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

CITY OF PALOS HEIGHTS, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION – ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS (CONTINUED)

LAST TEN CALENDAR YEARS
(SCHEDULES TO BE BUILT PROSPECTIVELY)

Methods and Assumptions Used to Determine the 2023 Contribution Rate:*

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20-year closed period.
Asset valuation method	5-year smoothed fair value with a 20% corridor
Wage growth	2.75%
Price inflation	2.25%.
Salary increases	2.75% to 13.75% including inflation
Investment rate of return	7.25%
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 2017-2019.
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, 2021 actuarial valuation. There is a two-year lag between the valuation date and rate setting.

CITY OF PALOS HEIGHTS, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION – HEALTH INSURANCE PLAN FOR RETIRED EMPLOYEES

LAST TEN CALENDAR YEARS

(SCHEDULES TO BE BUILT PROSPECTIVELY)

SCHEDULE OF CHANGES IN THE EMPLOYER'S TOTAL OPEB LIABILITY AND RELATED RATIOS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:							
Service cost	\$ 78,649	\$ 75,352	\$ 76,075	\$ 70,914	\$ 51,899	\$ 63,880	\$ 61,434
Interest expense	78,156	48,797	38,860	56,177	59,054	57,558	44,834
Differences between expected and actual experience	(1,779)	-	62,795	-	(33,714)	-	(61,193)
Changes of assumptions or other inputs	453,093	(388,916)	69,757	256,936	57,041	(1,421)	38,747
Benefit payments	(95,398)	(85,878)	(98,505)	(89,418)	(105,165)	(116,224)	(107,443)
Other changes	-	-	-	188	63,874	27,407	378,544
Net Change in Total OPEB Liability	512,721	(350,645)	148,982	294,797	92,989	31,200	354,923
Total OPEB liability at beginning of year	1,861,056	2,211,701	2,062,719	1,767,922	1,674,933	1,643,733	1,288,810
Total OPEB liability at end of year	<u>\$ 2,373,777</u>	<u>\$ 1,861,056</u>	<u>\$ 2,211,701</u>	<u>\$ 2,062,719</u>	<u>\$ 1,767,922</u>	<u>\$ 1,674,933</u>	<u>\$ 1,643,733</u>
Covered-employee payroll	<u>\$ 6,936,162</u>	<u>\$ 5,965,487</u>	<u>\$ 5,965,487</u>	<u>\$ 6,173,380</u>	<u>\$ 6,173,380</u>	<u>\$ 5,470,316</u>	<u>\$ 5,470,316</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>34.22%</u>	<u>31.20%</u>	<u>37.07%</u>	<u>33.41%</u>	<u>28.64%</u>	<u>30.62%</u>	<u>30.05%</u>

Notes to schedule:

No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related OPEB benefits.

The information in the schedule will accumulate until a full 10-year trend is presented as required by GASB 75.

SUPPLEMENTARY INFORMATION

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

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

CITY OF PALOS HEIGHTS, ILLINOIS
GENERAL FUND
COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS

DECEMBER 31, 2023

	Corporate	Beautification Committee	Vehicle License	Eliminations	Totals
ASSETS					
Cash and cash equivalents	\$ 4,186,287	\$ 56,330	\$ 474,666	\$ -	\$ 4,717,283
Receivables:					
Property taxes	6,439,062	-	-	-	6,439,062
Accounts	150,569	-	-	-	150,569
Leases	1,090,186	-	-	-	1,090,186
Due from other funds	156,386	-	-	(58,730)	97,656
Due from other governments	658,727	-	-	-	658,727
Other	828,314	-	-	-	828,314
Total Assets	<u>\$ 13,509,531</u>	<u>\$ 56,330</u>	<u>\$ 474,666</u>	<u>\$ (58,730)</u>	<u>\$ 13,981,797</u>
LIABILITIES					
Accounts payable	\$ 211,634	\$ -	\$ -	\$ -	\$ 211,634
Accrued payroll	136,794	-	-	-	136,794
Unearned revenue	185,542	-	-	-	185,542
Deposits held	354,708	-	-	-	354,708
Due to other funds	75,000	-	58,730	(58,730)	75,000
Total Liabilities	<u>963,678</u>	<u>-</u>	<u>58,730</u>	<u>(58,730)</u>	<u>963,678</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes levied for future period	6,374,493	-	-	-	6,374,493
Lease related	1,048,176	-	-	-	1,048,176
Total Deferred Inflows of Resources	<u>7,422,669</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,422,669</u>
FUND BALANCES					
Unassigned	5,123,184	56,330	415,936	-	5,595,450
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,509,531</u>	<u>\$ 56,330</u>	<u>\$ 474,666</u>	<u>\$ (58,730)</u>	<u>\$ 13,981,797</u>

CITY OF PALOS HEIGHTS, ILLINOIS

GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2023

	<u>Corporate</u>	<u>Beautification Committee</u>	<u>Vehicle License</u>	<u>Totals</u>
Revenues:				
Taxes:				
Property levies, net	\$ 6,243,293	\$ -	\$ -	\$ 6,243,293
Utility	1,053,525	-	-	1,053,525
Intergovernmental	4,443,633	-	-	4,443,633
Charges for services	266,991	-	-	266,991
Fees by agreement	1,194,879	-	-	1,194,879
Fines, forfeitures, and penalties	104,556	-	-	104,556
Grants	1,000	-	-	1,000
Investment income	561,215	-	-	561,215
Licenses, permits, and inspections	489,800	-	-	489,800
Swimming pool	352,545	-	-	352,545
Vehicle tag income	-	-	147,245	147,245
Rental income	258,209	-	-	258,209
Other income	806,777	25,689	-	832,466
Total Revenues	<u>15,776,423</u>	<u>25,689</u>	<u>147,245</u>	<u>15,949,357</u>
Expenditures:				
Current:				
Personnel	7,270,176	-	-	7,270,176
Retirement contributions	2,334,046	-	-	2,334,046
Hospital and medical insurance	1,052,862	-	-	1,052,862
Contractual	1,997,158	-	-	1,997,158
Commodities	615,314	-	-	615,314
Other	134,852	38,426	-	173,278
Legal department	90,524	-	-	90,524
Vehicle tag expense	-	-	74,524	74,524
Debt Service:				
Principal	28,046	4,000	-	32,046
Interest	3,875	-	-	3,875
Capital outlay	114,681	-	104,558	219,239
Total Expenditures	<u>13,641,534</u>	<u>42,426</u>	<u>179,082</u>	<u>13,863,042</u>
Excess (Deficiency) Of Revenues Over Expenditures	2,134,889	(16,737)	(31,837)	2,086,315
Other financing uses:				
Transfers out	(3,035,024)	-	-	(3,035,024)
Net change in fund balances	(900,135)	(16,737)	(31,837)	(948,709)
Fund balances at beginning of year	6,023,319	73,067	447,773	6,544,159
Fund balances at end of year	<u>\$ 5,123,184</u>	<u>\$ 56,330</u>	<u>\$ 415,936</u>	<u>\$ 5,595,450</u>

CORPORATE FUND

CITY OF PALOS HEIGHTS, ILLINOIS
CORPORATE FUND
BALANCE SHEET

DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 4,186,287	\$ 3,612,625
Receivables:		
Property taxes	6,439,062	7,158,726
Accounts	150,569	172,346
Leases	1,090,186	1,212,536
Due from other funds	156,386	282,804
Due from other governments	658,727	1,089,664
Prepaid items	-	110,641
Other	828,314	935,841
Total Assets	<u>\$ 13,509,531</u>	<u>\$ 14,575,183</u>
LIABILITIES		
Accounts payable	\$ 211,634	\$ 214,416
Accrued payroll	136,794	125,200
Unearned revenue	185,542	131,941
Deposits held	354,708	381,610
Due to other funds	75,000	-
Due to fiduciary trust fund	-	460,463
Total Liabilities	<u>963,678</u>	<u>1,313,630</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes levied for future period	6,374,493	6,025,698
Lease related	1,048,176	1,212,536
Total Deferred Inflows Of Resources	<u>7,422,669</u>	<u>7,238,234</u>
FUND BALANCES		
Nonspendable	-	110,641
Unassigned	5,123,184	5,912,678
Total Fund Balances	<u>5,123,184</u>	<u>6,023,319</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,509,531</u>	<u>\$ 14,575,183</u>

CITY OF PALOS HEIGHTS, ILLINOIS
CORPORATE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023			2022	
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues:					
Taxes:					
Property levies, net	\$ 6,223,766	\$ 6,223,766	\$ 6,243,293	\$ 19,527	\$ 5,970,116
Utility	1,180,000	1,180,000	1,053,525	(126,475)	1,180,545
Intergovernmental	4,126,000	4,126,000	4,443,633	317,633	4,423,686
Charges for services	276,500	276,500	266,991	(9,509)	384,408
Fees by agreement	1,002,500	1,002,500	1,194,879	192,379	1,026,246
Fines, forfeitures, and penalties	83,500	83,500	104,556	21,056	74,002
Grants	1,000	1,000	1,000	-	854,390
Investment income	75,000	75,000	561,215	486,215	80,810
Licenses, permits, and inspections	432,300	432,300	489,800	57,500	476,146
Swimming pool	320,000	320,000	352,545	32,545	314,605
Rental income	335,083	335,083	258,209	(76,874)	401,521
Other	837,369	837,369	806,777	(30,592)	627,091
Total Revenues	14,893,018	14,893,018	15,776,423	883,405	15,813,566
Expenditures:					
Current:					
Personnel	7,328,889	7,384,889	7,270,176	114,713	6,491,739
Retirement contributions	2,341,266	2,341,266	2,334,046	7,220	2,413,895
Hospital and medical insurance	1,283,000	1,133,000	1,052,862	80,138	858,243
Contractual	2,196,753	2,259,753	1,997,158	262,595	1,896,945
Commodities	654,450	671,450	615,314	56,136	664,720
Other	315,500	329,500	134,852	194,648	117,482
Legal department	112,600	112,600	90,524	22,076	91,194
Debt service:					
Principal	-	-	28,046	(28,046)	31,151
Interest	-	-	3,875	(3,875)	1,270
Capital outlay	160,500	160,500	114,681	45,819	174,906
Total Expenditures	14,392,958	14,392,958	13,641,534	751,424	12,741,545
Excess of Revenues Over Expenditures	500,060	500,060	2,134,889	1,634,829	3,072,021
Other Financing Sources (Uses):					
Installment contract	-	-	-	-	98,738
Proceeds from sale of capital assets	10,000	10,000	-	(10,000)	2,950
Transfers out	(510,060)	(510,060)	(3,035,024)	(2,524,964)	(2,613,881)
Total Other Financing Sources (Uses)	(500,060)	(500,060)	(3,035,024)	(2,534,964)	(2,512,193)
Net Change in Fund Balances	-	-	(900,135)	(900,135)	559,828
Fund balances at beginning of year	6,023,319	6,023,319	6,023,319	-	5,463,491
Fund Balances at End of Year	\$ 6,023,319	\$ 6,023,319	\$ 5,123,184	\$ (900,135)	\$ 6,023,319

CITY OF PALOS HEIGHTS, ILLINOIS
CORPORATE FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023			Variance with Final Budget	2022
	Original Budget	Final Budget	Actual		Actual
General Government:					
Administration:					
Current:					
Personnel	\$ 42,282	\$ 42,282	\$ 51,288	\$ (9,006)	\$ 104,321
Hospital and medical insurance	1,283,000	1,133,000	1,052,862	80,138	858,243
Contractual:					
Deductible insurance	20,000	20,000	17,610	2,390	20,951
Employee training and travel	7,500	7,500	5,218	2,282	5,020
Insurance - liability premium, IRMA	280,469	280,469	280,148	321	197,980
Maintenance and replacement of equipment	8,000	8,000	6,585	1,415	6,005
Memberships, dues, and subscriptions	13,000	13,000	11,242	1,758	14,352
Postage	2,500	2,500	2,346	154	1,709
Printing, publishing, and legal notices	3,500	3,500	3,304	196	3,275
Professional fees	253,000	262,000	133,056	128,944	94,237
Telephone	20,000	20,000	10,966	9,034	12,950
Commodities:					
Codifications	4,000	4,000	3,082	918	2,320
Office and departmental supplies	20,000	20,000	13,304	6,696	13,202
Other:					
Expense account - City officials	27,000	27,000	18,796	8,204	19,254
Other	264,000	264,000	76,810	187,190	72,982
Total Administration	<u>2,248,251</u>	<u>2,107,251</u>	<u>1,686,617</u>	<u>420,634</u>	<u>1,426,801</u>
Legal Department:					
Current:					
City attorney retainer	21,600	21,600	21,600	-	21,600
City prosecutor's retainer	36,000	36,000	36,000	-	36,000
Legal	55,000	55,000	32,924	22,076	33,594
Total Legal Department	<u>112,600</u>	<u>112,600</u>	<u>90,524</u>	<u>22,076</u>	<u>91,194</u>
Total General Government	<u>\$ 2,360,851</u>	<u>\$ 2,219,851</u>	<u>\$ 1,777,141</u>	<u>\$ 442,710</u>	<u>\$ 1,517,995</u>

CITY OF PALOS HEIGHTS, ILLINOIS
CORPORATE FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023			Variance with Final Budget	2022
	Original Budget	Final Budget	Actual		Actual
Public Safety:					
Police Department:					
Current:					
Personnel	\$ 4,162,847	\$ 4,199,147	\$ 4,206,776	\$ (7,629)	\$ 3,623,618
Retirement contributions	2,341,266	2,341,266	2,334,046	7,220	2,413,895
Contractual:					
Dispatching	364,044	364,044	362,268	1,776	353,432
Employee training and travel	52,200	52,200	46,659	5,541	41,632
Maintenance and replacement equipment	251,320	287,320	313,927	(26,607)	198,979
Memberships, dues, and subscriptions	2,500	2,500	1,831	669	3,254
Postage	2,000	2,000	1,820	180	1,309
Telephone	42,500	42,500	26,978	15,522	21,389
Utilities	9,000	9,000	6,879	2,121	179,854
Commodities:					
Investigation and operation supplies	54,000	54,000	52,021	1,979	52,733
Office and departmental supplies	45,150	45,150	44,397	753	15,662
Capital Outlay:					
Purchase of equipment	45,000	45,000	42,582	2,418	-
Total Police Department	<u>7,371,827</u>	<u>7,444,127</u>	<u>7,440,184</u>	<u>3,943</u>	<u>6,905,757</u>
Commissions - Police and Fire:					
Current:					
Personnel	4,000	4,000	4,000	-	4,000
Contractual:					
Employment and promotion	2,500	22,500	21,614	886	2,958
Legal expense	1,500	1,500	-	1,500	-
Memberships, dues, and subscriptions	500	500	375	125	375
Total Commissions	<u>8,500</u>	<u>28,500</u>	<u>25,989</u>	<u>2,511</u>	<u>7,333</u>
Total Public Safety	<u>\$ 7,380,327</u>	<u>\$ 7,472,627</u>	<u>\$ 7,466,173</u>	<u>\$ 6,454</u>	<u>\$ 6,913,090</u>

CITY OF PALOS HEIGHTS, ILLINOIS
CORPORATE FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023			2022	
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Public Works:					
Building Department:					
Current:					
Personnel	\$ 310,000	\$ 310,000	\$ 242,261	\$ 67,739	\$ 208,979
Contractual:					
Employee training and travel	2,000	2,000	-	2,000	-
Maintenance and replacement of equipment	500	500	-	500	-
Membership, dues, and subscriptions	420	420	150	270	-
Professional fees	49,000	49,000	22,286	26,714	8,901
Telephone	3,000	3,000	2,901	99	1,672
Commodities:					
Office and departmental supplies	5,000	5,000	4,516	484	3,505
Capital Outlay:					
Purchase of equipment	13,000	13,000	10,817	2,183	11,667
Total Building Department	382,920	382,920	282,931	99,989	234,724
Building and grounds:					
Current:					
Personnel	440,500	440,500	427,592	12,908	369,804
Contractual:					
Employee training and travel	3,000	3,000	437	2,563	2,170
Maintenance and replacement of equipment	94,000	94,000	85,392	8,608	92,139
Membership, dues, and subscriptions	300	300	154	146	234
Professional fees	20,500	20,500	27,029	(6,529)	3,145
Commodities:					
Maintenance supplies	38,000	38,000	27,283	10,717	37,294
Office and departmental supplies	10,000	10,000	10,015	(15)	14,106
Capital outlay:					
Purchase of equipment	10,000	10,000	9,493	507	-
Total Building and Grounds	\$ 616,300	\$ 616,300	\$ 587,395	\$ 28,905	\$ 518,892

CITY OF PALOS HEIGHTS, ILLINOIS
CORPORATE FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023			Variance with Final Budget	2022
	Original Budget	Final Budget	Actual		Actual
Motor vehicle maintenance:					
Current:					
Personnel	\$ 175,000	\$ 175,000	\$ 174,684	\$ 316	\$ 164,950
Contractual:					
Employee training and travel	4,000	4,000	705	3,295	320
Maintenance and replacement of equipment	139,500	139,500	79,048	60,452	104,309
Membership, dues, and subscriptions	200	200	-	200	-
Commodities:					
Maintenance supplies	120,000	120,000	91,983	28,017	134,085
Office and departmental supplies	19,800	19,800	15,900	3,900	16,965
Capital outlay:					
Purchase of equipment	3,000	3,000	1,717	1,283	32,803
Total Motor Vehicle Maintenance	461,500	461,500	364,037	97,463	453,432
Total Public Works	\$ 1,460,720	\$ 1,460,720	\$ 1,234,363	\$ 226,357	\$ 1,207,048
Lake Katherine:					
Current:					
Personnel	\$ 365,924	\$ 390,924	\$ 407,901	\$ (16,977)	\$ 374,378
Contractual:					
Insurance	5,000	5,000	4,425	575	4,500
Maintenance and replacement of equipment	58,300	43,300	36,957	6,343	51,651
Telephone	15,000	15,000	16,037	(1,037)	17,169
Utilities	27,500	27,500	25,884	1,616	32,143
Commodities:					
Office and departmental supplies	5,000	5,000	3,456	1,544	-
Capital outlay:					
Purchase of equipment	-	-	-	-	1,631
Total Lake Katherine	\$ 476,724	\$ 486,724	\$ 494,660	\$ (7,936)	\$ 481,472

CITY OF PALOS HEIGHTS, ILLINOIS
CORPORATE FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023			2022	
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Recreation Department:					
Current:					
Personnel	\$ 1,133,926	\$ 1,113,926	\$ 1,095,135	\$ 18,791	\$ 1,018,047
Contractual:					
Employee training and travel	12,000	12,000	11,217	783	8,043
Maintenance and replacement of equipment	19,000	19,000	23,554	(4,554)	20,596
Membership, dues, and subscriptions	5,500	5,500	6,278	(778)	6,208
Postage	6,000	6,000	5,527	473	7,037
Professional fees	103,000	103,000	88,522	14,478	86,964
Publicity and advertisement	15,000	15,000	14,578	422	12,579
Telephone	24,000	24,000	20,930	3,070	25,382
Utilities	13,000	13,000	15,829	(2,829)	12,312
Commodities:					
Maintenance supplies	12,000	12,000	12,521	(521)	11,807
Office and departmental supplies	7,000	7,000	8,903	(1,903)	7,268
Program supplies	292,000	309,000	314,414	(5,414)	291,318
Other:					
Other	24,500	38,500	39,246	(746)	25,246
Debt service:					
Principal	-	-	28,046	(28,046)	31,151
Interest	-	-	3,875	(3,875)	1,270
Capital outlay:					
Purchase of equipment	47,000	47,000	21,262	25,738	111,458
Total Recreation Department	<u>\$ 1,713,926</u>	<u>\$ 1,724,926</u>	<u>\$ 1,709,837</u>	<u>\$ 15,089</u>	<u>\$ 1,676,686</u>
Swimming Pool:					
Current:					
Personnel	\$ 199,090	\$ 206,090	\$ 217,048	\$ (10,958)	\$ 180,591
Contractual:					
Employee training and travel	-	-	-		6,400
Maintenance and replacement of equipment	51,500	64,500	65,104	(604)	3,816
Utilities	24,000	24,000	18,589	5,411	25,684
Commodities:					
Office and departmental supplies	11,500	11,500	9,415	2,085	56,665
Capital outlay:					
Purchase of equipment	17,500	17,500	17,269	231	13,237
Total Swimming Pool	<u>\$ 303,590</u>	<u>\$ 323,590</u>	<u>\$ 327,425</u>	<u>\$ (3,835)</u>	<u>\$ 286,393</u>

CITY OF PALOS HEIGHTS, ILLINOIS
CORPORATE FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023			2022	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Roads and construction:					
Current:					
Personnel	\$ 495,320	\$ 503,020	\$ 443,491	\$ 59,529	\$ 443,051
Contractual:					
Employee training and travel	2,000	2,000	120	1,880	90
Maintenance and replacement of equipment	107,500	107,500	115,727	(8,227)	158,066
Membership, dues, and subscriptions	1,000	1,000	2,259	(1,259)	721
Professional fees	20,000	20,000	16,997	3,003	12,801
Utilities	35,000	35,000	37,696	(2,696)	32,232
Commodities:					
Office and departmental supplies	11,000	11,000	4,104	6,896	7,790
Capital Outlay:					
Purchase of equipment	25,000	25,000	11,541	13,459	4,110
Total Roads and Construction	<u>\$ 696,820</u>	<u>\$ 704,520</u>	<u>\$ 631,935</u>	<u>\$ 72,585</u>	<u>\$ 658,861</u>
Total Corporate Fund Expenditures	<u>\$ 14,392,958</u>	<u>\$ 14,392,958</u>	<u>\$ 13,641,534</u>	<u>\$ 751,424</u>	<u>\$ 12,741,545</u>

BEAUTIFICATION COMMITTEE FUND

CITY OF PALOS HEIGHTS, ILLINOIS
BEAUTIFICATION COMMITTEE FUND
BALANCE SHEET

DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 56,330	\$ 74,429
LIABILITIES		
Accounts payable	\$ -	\$ 1,362
FUND BALANCES		
Unassigned	<u>56,330</u>	<u>73,067</u>
Total Liabilities and Fund Balances	<u>\$ 56,330</u>	<u>\$ 74,429</u>

CITY OF PALOS HEIGHTS, ILLINOIS
BEAUTIFICATION COMMITTEE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR DECEMBER 31, 2022)

	2023			2022
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Other income	<u>\$ 25,100</u>	<u>\$ 25,689</u>	<u>\$ 589</u>	<u>\$ 25,479</u>
Expenditures:				
Current:				
Other	57,350	38,426	18,924	14,208
Debt service:				
Principal	<u>-</u>	<u>4,000</u>	<u>(4,000)</u>	<u>4,000</u>
Total Expenditures	<u>57,350</u>	<u>42,426</u>	<u>14,924</u>	<u>18,208</u>
Net change in fund balances	(32,250)	(16,737)	15,513	7,271
Fund balances at beginning of year	<u>73,067</u>	<u>73,067</u>	<u>-</u>	<u>65,796</u>
Fund balances at end of year	<u><u>\$ 40,817</u></u>	<u><u>\$ 56,330</u></u>	<u><u>\$ 15,513</u></u>	<u><u>\$ 73,067</u></u>

VEHICLE LICENSE FUND

CITY OF PALOS HEIGHTS, ILLINOIS
VEHICLE LICENSE FUND
BALANCE SHEET

DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 474,666	\$ 506,503
LIABILITIES		
Due to other funds	\$ 58,730	\$ 58,730
FUND BALANCES		
Unassigned	415,936	447,773
Total Liabilities and Fund Balances	<u>\$ 474,666</u>	<u>\$ 506,503</u>

CITY OF PALOS HEIGHTS, ILLINOIS

VEHICLE LICENSE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL**

YEAR ENDED DECEMBER 31, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023		2022	
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Vehicle tag income	\$ 155,500	\$ 147,245	\$ (8,255)	\$ 159,373
Expenditures:				
Current:				
Other				
Vehicle tag expense	75,000	74,524	476	72,647
Capital outlay	100,000	104,558	(4,558)	8,750
Total Expenditures	175,000	179,082	(4,082)	81,397
Net change in fund balances	(19,500)	(31,837)	(12,337)	77,976
Fund balances at beginning of year	447,773	447,773	-	369,797
Fund balances at end of year	\$ 428,273	\$ 415,936	\$ (12,337)	\$ 447,773

CAPITAL PROJECTS FUND

CITY OF PALOS HEIGHTS, ILLINOIS
CAPITAL PROJECTS FUND
BALANCE SHEET

DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 7,274,488	\$ 4,841,930
Due from other governments	291,002	293,962
Total Assets	<u>\$ 7,565,490</u>	<u>\$ 5,135,892</u>
LIABILITIES		
Accounts payable	\$ 322,794	\$ 75,219
Unearned revenue	300,000	-
Due to other funds	70,299	70,299
Total Liabilities	<u>\$ 693,093</u>	<u>\$ 145,518</u>
FUND BALANCES		
Assigned	\$ 6,872,397	\$ 4,990,374
Total Liabilities and Fund Balances	<u>\$ 7,565,490</u>	<u>\$ 5,135,892</u>

CITY OF PALOS HEIGHTS, ILLINOIS

CAPITAL PROJECTS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL**

YEAR ENDED DECEMBER 31, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023			2022
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Grants	\$ 374,100	\$ 79,234	\$ (294,866)	\$ 62,505
Other income	-	138,005	138,005	54,364
Total Revenues	374,100	217,239	(156,861)	116,869
Expenditures:				
Capital outlay	2,218,000	1,260,240	957,760	659,243
Deficiency of Revenues Over Expenditures	(1,843,900)	(1,043,001)	800,899	(542,374)
Other financing sources:				
Transfers in	400,060	2,925,024	2,524,964	2,543,881
Net change in fund balances	(1,443,840)	1,882,023	3,325,863	2,001,507
Fund balances at beginning of year	4,990,374	4,990,374	-	2,988,867
Fund balances at end of year	<u>\$ 3,546,534</u>	<u>\$ 6,872,397</u>	<u>\$ 3,325,863</u>	<u>\$ 4,990,374</u>

MAJOR PROPRIETARY FUND

WATERWORKS AND SEWERAGE FUND

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

DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2022)

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10,109,089	\$ 10,066,621
Accounts receivable - water customers:		
Billed	439,931	391,525
Unbilled	1,005,565	897,627
Current portion of leases receivable	20,282	18,657
Total Current Assets	11,574,867	11,374,430
Noncurrent assets:		
Capital assets:		
Land	45,849	45,849
Construction in progress	31,691	341,429
Building and improvements	3,578,933	3,578,933
Water distribution, storm and sanitary system	9,674,204	9,324,228
Equipment	2,574,652	2,487,847
Total	15,905,329	15,778,286
Less accumulated depreciation	(11,342,278)	(10,850,438)
Net Capital Assets	4,563,051	4,927,848
Leases receivable, net of current portion	210,803	231,085
Total Noncurrent Assets	4,773,854	5,158,933
Total Assets	16,348,721	16,533,363
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	312,175	473,325
Deferred outflows of resources related to other post-employment benefits	351,121	292,654
Total Deferred Outflows of Resources	663,296	765,979

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

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 835,314	\$ 676,198
Accrued payroll	14,985	25,662
Current portion of long-term liabilities:		
Compensated absences	159,607	148,657
Total Current Liabilities	<u>1,009,906</u>	<u>850,517</u>
Long-term Liabilities:		
Compensated absences	53,203	49,552
Net pension liability	493,805	687,366
Net other postemployment benefits liability	549,292	431,579
Total Long-term Liabilities	<u>1,096,300</u>	<u>1,168,497</u>
Total Liabilities	<u>2,106,206</u>	<u>2,019,014</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	11,197	13,185
Deferred inflows of resources related to other postemployment benefits	128,759	139,837
Lease related	223,221	249,742
Total Deferred Inflows of Resources	<u>363,177</u>	<u>402,764</u>
NET POSITION		
Net investment in capital assets	4,563,051	4,680,568
Unrestricted	9,979,583	10,196,996
Total Net Position	<u>\$ 14,542,634</u>	<u>\$ 14,877,564</u>

CITY OF PALOS HEIGHTS, ILLINOIS
WATERWORKS AND SEWERAGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION –
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023			2022	
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Operating Revenues:					
Charges for services:					
Water sales	\$ 5,800,000	\$ 5,800,000	\$ 6,092,945	\$ 292,945	\$ 6,173,697
Sewer charges	1,575,000	1,575,000	1,989,438	414,438	1,113,563
User fees	8,500	8,500	7,505	(995)	2,620
Penalties	80,000	80,000	87,988	7,988	88,504
Sales of water meters	7,000	7,000	1,500	(5,500)	4,950
Other	5,000	5,000	52,361	47,361	11,209
Total Operating Revenues	<u>7,475,500</u>	<u>7,475,500</u>	<u>8,231,737</u>	<u>756,237</u>	<u>7,394,543</u>
Operating Expenses:					
Personnel	1,428,555	1,428,555	1,425,932	2,623	1,485,398
Contractual	3,977,500	3,927,500	5,916,030	(1,988,530)	3,575,904
Commodities	724,000	774,000	728,971	45,029	756,118
Depreciation	-	-	491,840	(491,840)	483,393
Other	615,825	615,825	486,362	129,463	483,542
Total Operating Expenses	<u>6,745,880</u>	<u>6,745,880</u>	<u>9,049,135</u>	<u>(2,303,255)</u>	<u>6,784,355</u>
Operating Income (Loss)	<u>729,620</u>	<u>729,620</u>	<u>(817,398)</u>	<u>(1,547,018)</u>	<u>610,188</u>
Nonoperating Revenue:					
Investment income	120,000	120,000	456,638	336,638	89,273
Rental income	36,735	36,735	25,830	(10,905)	26,816
Total Nonoperating Revenue	<u>156,735</u>	<u>156,735</u>	<u>482,468</u>	<u>325,733</u>	<u>116,089</u>
Change in net position	886,355	886,355	(334,930)	(1,221,285)	726,277
Net position at beginning of year	14,877,564	14,877,564	14,877,564	-	14,151,287
Net position at end of year	<u>\$ 15,763,919</u>	<u>\$ 15,763,919</u>	<u>\$ 14,542,634</u>	<u>\$ (1,221,285)</u>	<u>\$ 14,877,564</u>
Other budgeted expenditure:					
Capital outlay	<u>\$ 4,501,000</u>	<u>\$ 4,501,000</u>	<u>\$ 127,043</u>	<u>\$ 4,373,957</u>	<u>\$ 590,961</u>

CITY OF PALOS HEIGHTS, ILLINOIS
WATERWORKS AND SEWERAGE FUND
SCHEDULE OF OPERATING EXPENSES – BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023			2022	
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Personnel:					
Salaries	\$ 973,555	\$ 973,555	\$ 963,550	\$ 10,005	\$ 934,647
Hospital and medical insurance	317,000	317,000	317,000	-	341,949
IMRF, Social Security and Medicare	138,000	138,000	145,382	(7,382)	208,802
Total Personnel	1,428,555	1,428,555	1,425,932	2,623	1,485,398
Contractual:					
General insurance	102,000	102,000	102,075	(75)	101,692
Maintenance service	26,000	26,000	24,482	1,518	24,908
Other	252,500	202,500	2,387,872	(2,185,372)	247,580
Postage	20,000	20,000	15,814	4,186	24,186
Professional fees	65,000	65,000	35,446	29,554	36,328
Purchase of water	3,400,000	3,400,000	3,228,760	171,240	3,049,831
Telephone	22,000	22,000	21,403	597	21,185
Utilities	90,000	90,000	100,178	(10,178)	70,194
Total Contractual	3,977,500	3,927,500	5,916,030	(1,988,530)	3,575,904
Commodities:					
Gas and oil	80,000	80,000	80,000	-	64,000
Supplies:					
Departmental and office	25,000	25,000	11,301	13,699	9,763
Maintenance	619,000	669,000	637,670	31,330	682,355
Total Commodities	724,000	774,000	728,971	45,029	756,118
Depreciation	-	-	491,840	(491,840)	483,393
Other:					
Administrative charges	490,825	490,825	490,825	-	406,700
Bad debt expense	-	-	3,981	(3,981)	1,551
Equipment purchases	125,000	125,000	(8,444)	133,444	75,291
Total Other	615,825	615,825	486,362	129,463	483,542
Total Operating Expenses	\$ 6,745,880	\$ 6,745,880	\$ 9,049,135	\$ (2,303,255)	\$ 6,784,355

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

YEAR ENDED DECEMBER 31, 2023 (WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 8,075,393	\$ 7,426,511
Payments to employees	(1,408,239)	(1,370,092)
Payments to suppliers	<u>(6,972,247)</u>	<u>(4,575,906)</u>
Net cash provided (used) by operating activities	(305,093)	1,480,513
Cash flows from noncapital financing activities:		
Rental income	17,966	26,816
Cash flows from capital and related financing activities:		
Payments for purchases of capital assets	(127,043)	(590,961)
Cash flows from investing activities:		
Investment income received	<u>456,638</u>	<u>89,273</u>
Net increase in cash and cash equivalents	42,468	1,005,641
Cash and cash equivalents at beginning of year	<u>10,066,621</u>	<u>9,060,980</u>
Cash and cash equivalents at end of year	<u><u>\$ 10,109,089</u></u>	<u><u>\$ 10,066,621</u></u>

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

YEAR ENDED DECEMBER 31, 2023 (WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	\$ (817,398)	\$ 610,188
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation	491,840	483,393
(Increase) decrease in:		
Accounts receivable	(156,344)	31,968
Net pension asset	-	261,656
Deferred outflows of resources related to pensions	161,150	(337,083)
Deferred outflows of resources related to other postemployment benefits	(58,467)	(9,043)
Increase (decrease) in:		
Accounts payable	159,116	239,658
Accrued payroll	(10,677)	4,544
Compensated absences	14,601	10,904
Net pension liability	(193,561)	687,366
Net other postemployment benefits liability	117,713	(41,725)
Deferred inflows of resources related to pensions	(1,988)	(537,030)
Deferred inflows of resources related to other postemployment benefits	(11,078)	75,717
Net cash flows from operating activities	<u>\$ (305,093)</u>	<u>\$ 1,480,513</u>

NONMAJOR GOVERNMENTAL FUNDS

CITY OF PALOS HEIGHTS, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

DECEMBER 31, 2023

	Special Revenue Funds								Capital Projects Funds		Debt Service Fund	Total Nonmajor Governmental Funds	
	Seizure and Forfeiture	Motor Fuel Tax	Social Security	IMRF	Special Recreation	Police DUI Fine	Cal Sag Trail	Business District	PEG Capital	127th and Harlem Tax Increment	Gateway Tax Increment	Bond and Interest	
ASSETS													
Cash and cash equivalents	\$ 684,553	\$ 927,738	\$ 136,752	\$ 124,358	\$ 240,508	\$ 21,207	\$ -	\$ 213,991	\$ 3,136	\$ 997,315	\$ 2,126,204	\$ 78,735	5,554,497
Receivables:													
Property taxes	-	-	424,726	403,357	170,237	-	-	-	-	-	-	485,986	1,484,306
Accounts	-	-	-	-	-	-	-	-	4,979	-	-	-	4,979
Due from other funds	-	-	711	79,392	-	-	-	110,392	-	-	-	-	190,495
Due from other governments	-	47,101	-	-	-	-	-	24,356	-	-	-	-	71,457
Total Assets	<u>\$ 684,553</u>	<u>\$ 974,839</u>	<u>\$ 562,189</u>	<u>\$ 607,107</u>	<u>\$ 410,745</u>	<u>\$ 21,207</u>	<u>\$ -</u>	<u>\$ 348,739</u>	<u>\$ 8,115</u>	<u>\$ 997,315</u>	<u>\$ 2,126,204</u>	<u>\$ 564,721</u>	<u>7,305,734</u>
LIABILITIES													
Accounts payable	\$ 1,574	\$ 87,621	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	89,195
Other payable	-	-	-	-	-	-	-	-	-	-	335,259	-	335,259
Due to other funds	4,194	10,312	78,547	-	-	-	-	3,024	-	38,742	8,033	-	142,852
Total Liabilities	<u>5,768</u>	<u>97,933</u>	<u>78,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,024</u>	<u>-</u>	<u>38,742</u>	<u>343,292</u>	<u>-</u>	<u>567,306</u>
DEFERRED INFLOWS OF RESOURCES													
Property taxes levied for future period	-	-	418,944	396,894	167,350	-	-	-	-	-	-	477,740	1,460,928
FUND BALANCES													
Restricted	678,785	876,906	3,420	210,213	91,028	3,935	-	221,536	8,115	958,573	1,782,912	86,981	4,922,404
Assigned	-	-	61,278	-	152,367	17,272	-	124,179	-	-	-	-	355,096
Total Fund Balances	<u>678,785</u>	<u>876,906</u>	<u>64,698</u>	<u>210,213</u>	<u>243,395</u>	<u>21,207</u>	<u>-</u>	<u>345,715</u>	<u>8,115</u>	<u>958,573</u>	<u>1,782,912</u>	<u>86,981</u>	<u>5,277,500</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 684,553</u>	<u>\$ 974,839</u>	<u>\$ 562,189</u>	<u>\$ 607,107</u>	<u>\$ 410,745</u>	<u>\$ 21,207</u>	<u>\$ -</u>	<u>\$ 348,739</u>	<u>\$ 8,115</u>	<u>\$ 997,315</u>	<u>\$ 2,126,204</u>	<u>\$ 564,721</u>	<u>\$ 7,305,734</u>

CITY OF PALOS HEIGHTS, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2023

	Special Revenue Funds								Capital Projects Funds		Debt Service	Total Nonmajor Governmental Funds	
	Seizure and Forfeiture	Motor Fuel Tax	Social Security	IMRF	Special Recreation	Police DUI Fine	Cal Sag Trail	Business District	PEG Capital	127th and Harlem Tax Increment	Gateway Tax Increment		Bond and Interest
Revenues:													
Taxes:													
Property levies, net	\$ -	\$ -	\$ 343,175	\$ 383,621	\$ 171,616	\$ -	\$ -	\$ -	\$ -	\$ 500,187	\$ 774,801	\$ 490,735	\$ 2,664,135
Business district sales	-	-	-	-	-	-	-	147,651	-	-	-	-	147,651
Intergovernmental	-	520,873	-	-	-	-	-	-	-	-	-	-	520,873
Fines, forfeitures and penalties	220,509	-	-	-	-	-	-	-	-	-	-	-	220,509
Investment income	26,448	61,656	-	-	-	-	-	9,270	-	29,870	53,062	-	180,306
Other income	-	-	-	-	-	9,800	-	-	20,543	-	-	-	30,343
Total Revenues	246,957	582,529	343,175	383,621	171,616	9,800	-	156,921	20,543	530,057	827,863	490,735	3,763,817
Expenditures:													
Current:													
Payroll taxes and retirement contributions	-	-	339,755	251,955	-	-	-	-	-	-	-	-	591,710
Contractual	-	-	-	-	-	-	-	4,342	-	7,175	12,102	-	23,619
Commodities	-	38,351	-	-	-	-	-	-	-	-	-	-	38,351
Other	232,069	-	-	-	104,478	28,384	8,249	-	34,195	-	-	-	407,375
Debt service:													
Principal	-	-	-	-	-	-	-	202,165	-	192,195	-	310,000	704,360
Interest	-	-	-	-	-	-	-	-	-	196,249	-	152,413	348,662
Capital outlay	-	770,497	-	-	-	-	-	-	-	-	-	-	770,497
Total Expenditures	232,069	808,848	339,755	251,955	104,478	28,384	8,249	206,507	34,195	395,619	12,102	462,413	2,884,574
Excess (deficiency) of revenues over expenditures	14,888	(226,319)	3,420	131,666	67,138	(18,584)	(8,249)	(49,586)	(13,652)	134,438	815,761	28,322	879,243
Other financing sources (uses):													
Transfers in	-	-	35,000	78,547	-	-	-	75,000	-	-	-	-	188,547
Transfers out	-	-	(78,547)	-	-	-	-	-	-	-	-	-	(78,547)
Total Other Financing Sources (Uses)	-	-	(43,547)	78,547	-	-	-	75,000	-	-	-	-	110,000
Net change in fund balances	14,888	(226,319)	(40,127)	210,213	67,138	(18,584)	(8,249)	25,414	(13,652)	134,438	815,761	28,322	989,243
Fund balances at beginning of year	663,897	1,103,225	104,825	-	176,257	39,791	8,249	320,301	21,767	824,135	967,151	58,659	4,288,257
Fund balances at end of year	\$ 678,785	\$ 876,906	\$ 64,698	\$ 210,213	\$ 243,395	\$ 21,207	\$ -	\$ 345,715	\$ 8,115	\$ 958,573	\$ 1,782,912	\$ 86,981	\$ 5,277,500

SPECIAL REVENUE FUNDS

SEIZURE AND FORFEITURE FUND

CITY OF PALOS HEIGHTS, ILLINOIS
SEIZURE AND FORFEITURE FUND
BALANCE SHEET

DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 684,553	\$ 773,969
LIABILITIES		
Accounts payable	\$ 1,574	\$ 3,877
Due to other funds	4,194	106,195
Total Liabilities	5,768	110,072
FUND BALANCES		
Restricted	678,785	663,897
Total Liabilities and Fund Balances	\$ 684,553	\$ 773,969

CITY OF PALOS HEIGHTS, ILLINOIS
SEIZURE AND FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023			2022
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Fines, forfeitures and penalties	\$ -	\$ 220,509	\$ 220,509	\$ 342,309
Investment income	-	26,448	26,448	4,802
Other income	-	-	-	2,871
Total revenues	-	246,957	246,957	349,982
Expenditures:				
Current:				
Personnel	80,437	-	80,437	82,008
Other	446,762	232,069	214,693	327,473
Total expenditures	527,199	232,069	295,130	409,481
Excess (deficiency) of revenues over expenditures	(527,199)	14,888	542,087	(59,499)
Other financing sources:				
Proceeds from sale of capital assets	-	-	-	37,000
Net change in fund balances	(527,199)	14,888	542,087	(22,499)
Fund balances at beginning of year	663,897	663,897	-	686,396
Fund balances at end of year	\$ 136,698	\$ 678,785	\$ 542,087	\$ 663,897

MOTOR FUEL TAX FUND

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

DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 927,738	\$ 1,142,371
Due from other governments	47,101	47,102
Total Assets	<u>\$ 974,839</u>	<u>\$ 1,189,473</u>
LIABILITIES		
Accounts payable	\$ 87,621	\$ 75,936
Due to other funds	10,312	10,312
Total Liabilities	97,933	86,248
FUND BALANCES		
Restricted	876,906	1,103,225
Total Liabilities and Fund Balances	<u>\$ 974,839</u>	<u>\$ 1,189,473</u>

CITY OF PALOS HEIGHTS, ILLINOIS**MOTOR FUEL TAX FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL***DECEMBER 31, 2023**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)*

	2023			2022
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Intergovernmental	\$ 520,000	\$ 520,873	\$ 873	\$ 772,365
Investment income	24,000	61,656	37,656	17,885
Total Revenues	<u>544,000</u>	<u>582,529</u>	<u>38,529</u>	<u>790,250</u>
Expenditures:				
Current:				
Commodities:				
Maintenance supplies	60,000	38,351	21,649	44,019
Capital outlay	1,040,000	770,497	269,503	503,814
Total Expenditures	<u>1,100,000</u>	<u>808,848</u>	<u>291,152</u>	<u>547,833</u>
Net change in fund balances	(556,000)	(226,319)	329,681	242,417
Fund balances at beginning of year	1,103,225	1,103,225	-	860,808
Fund balances at end of year	<u>\$ 547,225</u>	<u>\$ 876,906</u>	<u>\$ 329,681</u>	<u>\$ 1,103,225</u>

SOCIAL SECURITY

CITY OF PALOS HEIGHTS, ILLINOIS
SOCIAL SECURITY FUND
BALANCE SHEET

DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 136,752	\$ 155
Due from other funds	711	-
Property taxes receivable	<u>424,726</u>	<u>895,446</u>
Total Assets	<u>\$ 562,189</u>	<u>\$ 895,601</u>
LIABILITIES		
Due to other funds	<u>\$ 78,547</u>	<u>\$ 4,176</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes levied for future period	<u>418,944</u>	<u>786,600</u>
FUND BALANCES		
Restricted	3,420	78,547
Assigned	<u>61,278</u>	<u>26,278</u>
Total Fund Balances	<u>64,698</u>	<u>104,825</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 562,189</u>	<u>\$ 895,601</u>

CITY OF PALOS HEIGHTS, ILLINOIS

SOCIAL SECURITY FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL**

YEAR ENDED DECEMBER 31, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023			2022
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Property tax levies, net	\$ 300,000	\$ 343,175	\$ 43,175	\$ 568,116
Expenditures:				
Current:				
Payroll taxes and retirement contributions	333,000	339,755	(6,755)	598,410
Excess (deficiency) of revenues over expenditures	(33,000)	3,420	36,420	(30,294)
Other financing sources (uses):				
Transfers in	35,000	35,000	-	-
Transfers out	-	(78,547)	(78,547)	-
Total other financing sources (uses)	35,000	(43,547)	(78,547)	-
Net change in fund balances	2,000	(40,127)	(42,127)	(30,294)
Fund balances at beginning of year	104,825	104,825	-	135,119
Fund balances at end of year	<u>\$ 106,825</u>	<u>\$ 64,698</u>	<u>\$ (42,127)</u>	<u>\$ 104,825</u>

IMRF

CITY OF PALOS HEIGHTS, ILLINOIS
IMRF
BALANCE SHEET

DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 124,358	\$ -
Due from other funds	79,392	-
Property taxes receivable	<u>403,357</u>	<u>-</u>
Total Assets	<u>\$ 607,107</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes levied for future period	\$ 396,894	\$ -
FUND BALANCES		
Restricted	<u>210,213</u>	<u>-</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 607,107</u>	<u>\$ -</u>

CITY OF PALOS HEIGHTS, ILLINOIS

IMRF

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL**

YEAR ENDED DECEMBER 31, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Property tax levies, net	\$ 270,000	\$ 383,621	\$ 113,621	\$ -
Expenditures:				
Current:				
Retirement contributions	270,000	251,955	18,045	-
Excess of revenues over expenditures	-	131,666	131,666	-
Other financing sources:				
Transfers in	-	78,547	78,547	-
Net change in fund balances	-	210,213	210,213	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ 210,213</u>	<u>\$ 210,213</u>	<u>\$ -</u>

SPECIAL RECREATION FUND

CITY OF PALOS HEIGHTS, ILLINOIS
SPECIAL RECREATION FUND
BALANCE SHEET

DECEMBER 31, 2023 (WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 240,508	\$ 144,173
Property taxes receivable	170,237	198,589
Total Assets	<u>\$ 410,745</u>	<u>\$ 342,762</u>
LIABILITIES		
Accounts payable	\$ -	\$ 445
DEFERRED INFLOWS OF RESOURCES		
Property taxes levied for future period	167,350	166,060
FUND BALANCES		
Restricted	91,028	23,890
Assigned	152,367	152,367
Total Fund Balances	<u>243,395</u>	<u>176,257</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 410,745</u>	<u>\$ 342,762</u>

CITY OF PALOS HEIGHTS, ILLINOIS

SPECIAL RECREATION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL**

YEAR ENDED DECEMBER 31, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023			2022
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Property tax levies, net	\$ 176,000	\$ 171,616	\$ (4,384)	\$ 169,793
Expenditures:				
Current:				
Other:				
Special recreation association	262,500	104,478	158,022	335,234
Net change in fund balances	(86,500)	67,138	153,638	(165,441)
Fund balances at beginning of year	176,257	176,257	-	341,698
Fund balances at end of year	<u>\$ 89,757</u>	<u>\$ 243,395</u>	<u>\$ 153,638</u>	<u>\$ 176,257</u>

POLICE DUI FINE FUND

CITY OF PALOS HEIGHTS, ILLINOIS
POLICE DUI FINE FUND
BALANCE SHEET

DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 21,207	\$ 39,791
FUND BALANCES		
Restricted	\$ 3,935	\$ 22,519
Assigned	17,272	17,272
Total Fund Balances	\$ 21,207	\$ 39,791

CITY OF PALOS HEIGHTS, ILLINOIS

POLICE DUI FINE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL**

YEAR ENDED DECEMBER 31, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023			2022
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Other income	\$ -	\$ 9,800	\$ 9,800	140
Expenditures:				
Current:				
Other	30,400	28,384	2,016	797
Net change in fund balances	(30,400)	(18,584)	11,816	(657)
Fund balances at beginning of year	39,791	39,791	-	40,448
Fund balances at end of year	<u>\$ 9,391</u>	<u>\$ 21,207</u>	<u>\$ 11,816</u>	<u>\$ 39,791</u>

CAL SAG TRAIL FUND

CITY OF PALOS HEIGHTS, ILLINOIS
CAL SAG TRAIL FUND
BALANCE SHEET

DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 8,249
FUND BALANCES		
Assigned	<u>\$ -</u>	<u>\$ 8,249</u>

CITY OF PALOS HEIGHTS, ILLINOIS

CAL SAG TRAIL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL**

YEAR ENDED DECEMBER 31, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023			2022
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Other income	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Other:				
Bike trail maintenance	-	8,249	(8,249)	-
Net change in fund balances	-	(8,249)	(8,249)	-
Fund balances at beginning of year	8,249	8,249	-	8,249
Fund balances at end of year	<u>\$ 8,249</u>	<u>\$ -</u>	<u>\$ (8,249)</u>	<u>\$ 8,249</u>

BUSINESS DISTRICT FUND

CITY OF PALOS HEIGHTS, ILLINOIS
BUSINESS DISTRICT FUND
BALANCE SHEET

DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2022)

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 213,991	\$ 260,973
Due from other funds	110,392	35,391
Due from other governments	24,356	25,223
Total Assets	<u>\$ 348,739</u>	<u>\$ 321,587</u>
LIABILITIES		
Accounts payable	\$ -	\$ 1,286
Due to other funds	3,024	-
Total Liabilities	<u>3,024</u>	<u>1,286</u>
FUND BALANCES		
Restricted	221,536	210,190
Assigned	124,179	110,111
Total Fund Balances	<u>345,715</u>	<u>320,301</u>
Total Liabilities and Fund Balances	<u>\$ 348,739</u>	<u>\$ 321,587</u>

CITY OF PALOS HEIGHTS, ILLINOIS**BUSINESS DISTRICT FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL**

YEAR ENDED DECEMBER 31, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023			2022
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Business district sales tax	\$ 160,000	\$ 147,651	\$ (12,349)	\$ 143,814
Investment income	1,000	9,270	8,270	2,568
Total Revenues	<u>161,000</u>	<u>156,921</u>	<u>(4,079)</u>	<u>146,382</u>
Expenditures:				
Current:				
Contractual:				
Professional fees	30,000	4,342	25,658	14,217
Debt service:				
Principal	<u>205,000</u>	<u>202,165</u>	<u>2,835</u>	<u>188,411</u>
Total Expenditures	<u>235,000</u>	<u>206,507</u>	<u>28,493</u>	<u>202,628</u>
Deficiency of revenues over expenditures	(74,000)	(49,586)	24,414	(56,246)
Other financing sources:				
Transfers in	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>70,000</u>
Net change in fund balances	1,000	25,414	24,414	13,754
Fund balances at beginning of year	<u>320,301</u>	<u>320,301</u>	<u>-</u>	<u>306,547</u>
Fund balances at end of year	<u>\$ 321,301</u>	<u>\$ 345,715</u>	<u>\$ 24,414</u>	<u>\$ 320,301</u>

PEG CAPITAL FUND

CITY OF PALOS HEIGHTS, ILLINOIS
PEG CAPITAL FUND
BALANCE SHEET

DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 3,136	\$ 16,643
Accounts receivable	4,979	5,553
Total Assets	<u>\$ 8,115</u>	<u>\$ 22,196</u>
LIABILITIES		
Accounts payable	\$ -	\$ 429
FUND BALANCES		
Restricted	8,115	21,767
Total Liabilities and Fund Balances	<u>\$ 8,115</u>	<u>\$ 22,196</u>

CITY OF PALOS HEIGHTS, ILLINOIS

PEG CAPITAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL**

YEAR ENDED DECEMBER 31, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023			2022
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Other income	\$ 25,000	\$ 20,543	(4,457)	\$ 22,695
Expenditures:				
Current:				
Other:				
Supplies	35,000	34,195	805	10,054
Net change in fund balances	(10,000)	(13,652)	(3,652)	12,641
Fund balances at beginning of year	21,767	21,767	-	9,126
Fund balances at end of year	<u>\$ 11,767</u>	<u>\$ 8,115</u>	<u>\$ (3,652)</u>	<u>\$ 21,767</u>

CAPITAL PROJECTS FUNDS

127TH AND HARLEM TAX INCREMENT FUND

CITY OF PALOS HEIGHTS, ILLINOIS
127TH AND HARLEM TAX INCREMENT FUND
BALANCE SHEET

DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 997,315	\$ 646,789
Property taxes receivable	-	212,737
Total Assets	<u>\$ 997,315</u>	<u>\$ 859,526</u>
LIABILITIES		
Due to other funds	\$ 38,742	\$ 35,391
FUND BALANCES		
Restricted	958,573	824,135
Total Liabilities and Fund Balances	<u>\$ 997,315</u>	<u>\$ 859,526</u>

CITY OF PALOS HEIGHTS, ILLINOIS**127TH AND HARLEM TAX INCREMENT FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL**

YEAR ENDED DECEMBER 31, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023			2022
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Property tax levies, net	\$ 500,000	\$ 500,187	\$ 187	\$ 476,908
Investment income	3,000	29,870	26,870	4,320
Total Revenues	<u>503,000</u>	<u>530,057</u>	<u>27,057</u>	<u>481,228</u>
Expenditures:				
Current:				
Personnel	-	-	-	4,097
Contractual:				
Professional fees	65,500	7,175	58,325	4,936
Commodities:				
Supplies:				
Departmental and office	-	-	-	175
Debt service:				
Principal	400,000	192,195	207,805	161,739
Interest	-	196,249	(196,249)	221,169
Total Expenditures	<u>465,500</u>	<u>395,619</u>	<u>69,881</u>	<u>392,116</u>
Net change in fund balances	37,500	134,438	96,938	89,112
Fund balances at beginning of year	<u>824,135</u>	<u>824,135</u>	-	<u>735,023</u>
Fund balances at end of year	<u>\$ 861,635</u>	<u>\$ 958,573</u>	<u>\$ 96,938</u>	<u>\$ 824,135</u>

GATEWAY TAX INCREMENT FUND

CITY OF PALOS HEIGHTS, ILLINOIS
GATEWAY TAX INCREMENT FUND
BALANCE SHEET

DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 2,126,204	\$ 979,897
Property taxes receivable	-	322,513
Total Assets	<u>\$ 2,126,204</u>	<u>\$ 1,302,410</u>
LIABILITIES		
Other payable	\$ 335,259	\$ 335,259
Due to other funds	8,033	-
Total Liabilities	<u>343,292</u>	<u>335,259</u>
FUND BALANCES		
Restricted	<u>1,782,912</u>	<u>967,151</u>
Total Liabilities and Fund Balances	<u>\$ 2,126,204</u>	<u>\$ 1,302,410</u>

CITY OF PALOS HEIGHTS, ILLINOIS
GATEWAY TAX INCREMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(DEFICIT) – BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023			2022
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Property tax levies, net	\$ 1,100,000	\$ 774,801	\$ (325,199)	\$ 648,583
Investment income	5,000	53,062	48,062	5,573
Total Revenues	<u>1,105,000</u>	<u>827,863</u>	<u>(277,137)</u>	<u>654,156</u>
Expenditures:				
Current:				
Personnel	-	-	-	8,035
Contractual:				
Professional fees	139,000	12,102	126,898	11,282
Commodities:				
Supplies:				
Departmental and office	-	-	-	103
Capital outlay	<u>2,300,000</u>	<u>-</u>	<u>2,300,000</u>	<u>-</u>
Total Expenditures	<u>2,439,000</u>	<u>12,102</u>	<u>2,426,898</u>	<u>19,420</u>
Net change in fund balances	(1,334,000)	815,761	2,149,761	634,736
Fund balances at beginning of year	<u>967,151</u>	<u>967,151</u>	<u>-</u>	<u>332,415</u>
Fund balances (deficit) at end of year	<u>\$ (366,849)</u>	<u>\$ 1,782,912</u>	<u>\$ 2,149,761</u>	<u>\$ 967,151</u>

DEBT SERVICE FUND

CITY OF PALOS HEIGHTS, ILLINOIS
BOND AND INTEREST FUND
BALANCE SHEET

DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 78,735	\$ -
Property taxes receivable	485,986	495,485
Total Assets	<u>564,721</u>	<u>495,485</u>
LIABILITIES		
Due to other funds	\$ -	\$ 33,092
DEFERRED INFLOWS OF RESOURCES		
Property taxes levied for future period	477,740	403,734
FUND BALANCES		
Restricted	<u>86,981</u>	<u>58,659</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 564,721</u>	<u>\$ 495,485</u>

CITY OF PALOS HEIGHTS, ILLINOIS

BOND AND INTEREST FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL**

YEAR ENDED DECEMBER 31, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023			2022
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Local sources:				
Property tax levies, net	\$ 462,438	\$ 490,735	\$ 28,297	\$ 479,018
Total Revenues	<u>462,438</u>	<u>490,735</u>	<u>28,297</u>	<u>479,018</u>
Expenditures:				
Debt service:				
Principal	310,000	310,000	-	300,000
Interest	<u>152,438</u>	<u>152,413</u>	<u>25</u>	<u>161,412</u>
Total Expenditures	<u>462,438</u>	<u>462,413</u>	<u>25</u>	<u>461,412</u>
Net change in fund balances	-	28,322	28,322	17,606
Fund balances at beginning of year	<u>58,659</u>	<u>58,659</u>	-	<u>41,053</u>
Fund balances at end of year	<u>\$ 58,659</u>	<u>\$ 86,981</u>	<u>\$ 28,322</u>	<u>\$ 58,659</u>

NONMAJOR PROPRIETARY FUND

METRA STATION PARKING FUND

CITY OF PALOS HEIGHTS, ILLINOIS
METRA STATION PARKING FUND
BALANCE SHEET

DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 113,556	\$ 106,218
LIABILITIES		
Current Liabilities:		
Accounts payable	<u>1,787</u>	<u>224</u>
NET POSITION		
Unrestricted	<u>\$ 111,769</u>	<u>\$ 105,994</u>

CITY OF PALOS HEIGHTS, ILLINOIS

METRA STATION PARKING FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL**

YEAR ENDED DECEMBER 31, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023			Variance with Final Budget	2022
	Original Budget	Final Budget	Actual		Actual
Operating Revenues:					
Charges for services:					
User fees	\$ 12,000	\$ 12,000	\$ 13,561	\$ 1,561	\$ 11,355
Operating Expenses:					
Personnel	8,000	4,000	-	4,000	-
Commodities:					
Supplies:					
Departmental and office	4,000	8,000	7,786	214	5,779
Total Operating Expenses	12,000	12,000	7,786	4,214	5,779
Operating income	-	-	5,775	5,775	5,576
Net position at beginning of year	105,994	105,994	105,994	-	100,418
Net position at end of year	\$ 105,994	\$ 105,994	\$ 111,769	\$ 5,775	\$ 105,994

CITY OF PALOS HEIGHTS, ILLINOIS
METRA STATION PARKING FUND
STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Receipts from users	\$ 13,561	\$ 11,355
Payments to suppliers	<u>(6,223)</u>	<u>(5,555)</u>
Net cash flows from operating activities	7,338	5,800
Cash and cash equivalents at beginning of year	<u>106,218</u>	<u>100,418</u>
Cash and cash equivalents at end of year	<u><u>\$ 113,556</u></u>	<u><u>\$ 106,218</u></u>
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$ 5,775	\$ 5,576
Adjustment to reconcile operating income to net cash flows from operating activities:		
Change in accounts payable	<u>1,563</u>	<u>224</u>
Net cash flows from operating activities	<u><u>\$ 7,338</u></u>	<u><u>\$ 5,800</u></u>

**ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY
ACT CONSOLIDATED YEAR-END FINANCIAL REPORT**

CITY OF PALOS HEIGHTS, ILLINOIS
ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
CONSOLIDATED YEAR-END FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2023

CSFA#	Program Name	\$ State	\$ Federal	\$ Other	\$ Total
494-10-0343	State and Community Highway Safety/National Priority Safety Program	-	27,621	-	27,621
494-42-0495	Local Surface Transportation Program	-	79,234	-	79,234
	Other grant programs and activities	-	232,069	-	232,069
	All other costs not allocated	-	-	26,725,853	26,725,853
	Totals	-	338,924	26,725,853	27,064,777

STATISTICAL SECTION

CITY OF PALOS HEIGHTS, ILLINOIS
STATISTICAL SECTION

DECEMBER 31, 2023

This part of the annual comprehensive financial report of the City of Palos Heights, 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.

	<u>Page</u>
Net Position by Component	129
Changes in Net Position	130-131
Governmental Activities Tax Revenues by Source	132
Fund Balances of Governmental Funds	133
Changes in Fund Balances of Governmental Funds	134

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

	<u>Page</u>
Assessed Value and Estimated Actual Value of Taxable Property	135
Property Tax Rates - Direct and Overlapping Governments	136
Principal Property Taxpayers	137
Schedule of Assessed Valuation, Rate Extension and Collections	138

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.

	<u>Page</u>
Ratios of Outstanding Debt by Type	139
Ratios of General Obligation Bonded Debt Outstanding	140
Direct and Overlapping General Obligation Bonded Debt	141
Legal Debt Margin Information	142
Pledged Revenue Coverage	143

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.

	<u>Page</u>
Demographic and Economic Statistics	144
Principal Employers (Information not Currently Available)	

Operating Information - These schedules contain service 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.

	<u>Page</u>
Full-time Equivalent City Government Employees by Function	145
Operating Indicators by Function	146

CITY OF PALOS HEIGHTS, ILLINOIS
NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental Activities:										
Net investment in capital assets	\$ 22,617,445	\$ 23,203,444	\$ 23,305,937	\$ 23,996,463	\$ 23,914,248	\$ 23,712,812	\$ 24,257,020	\$ 23,621,767	\$ 23,831,289	\$ 21,216,906
Restricted	4,922,404	3,915,321	3,126,983	2,982,153	2,627,287	2,158,526	1,644,174	1,392,487	1,951,013	2,151,341
Unrestricted	(10,145,529)	(13,244,254)	(14,785,939)	(19,484,414)	(20,645,325)	(19,053,188)	(18,463,759)	(15,946,493)	(15,762,127)	59,727
Total Governmental Activities Net Position	<u>17,394,320</u>	<u>13,874,511</u>	<u>11,646,981</u>	<u>7,494,202</u>	<u>5,896,210</u>	<u>6,818,150</u>	<u>7,437,435</u>	<u>9,067,761</u>	<u>10,020,175</u>	<u>23,427,974</u>
Business-Type Activities:										
Net investment in capital assets	4,563,051	4,680,568	4,820,280	4,904,177	4,464,509	4,579,991	3,924,132	3,923,317	3,445,295	3,456,874
Unrestricted	10,091,352	10,302,990	9,431,425	8,462,094	8,551,130	7,201,435	6,507,579	5,601,566	4,721,703	3,723,588
Total Business-Type Activities Net Position	<u>14,654,403</u>	<u>14,983,558</u>	<u>14,251,705</u>	<u>13,366,271</u>	<u>13,015,639</u>	<u>11,781,426</u>	<u>10,431,711</u>	<u>9,524,883</u>	<u>8,166,998</u>	<u>7,180,462</u>
Primary Government:										
Net investment in capital assets	27,180,496	27,884,012	28,126,217	28,900,640	28,378,757	28,292,803	28,181,152	27,545,084	27,276,584	24,673,780
Restricted	4,922,404	3,915,321	3,126,983	2,982,153	2,627,287	2,158,526	1,644,174	1,392,487	1,951,013	2,151,341
Unrestricted	(54,177)	(2,941,264)	(5,354,514)	(11,022,320)	(12,094,195)	(11,851,753)	(11,956,180)	(10,344,927)	(11,040,424)	3,783,315
Total Primary Government Net Position	<u>\$ 32,048,723</u>	<u>\$ 28,858,069</u>	<u>\$ 25,898,686</u>	<u>\$ 20,860,473</u>	<u>\$ 18,911,849</u>	<u>\$ 18,599,576</u>	<u>\$ 17,869,146</u>	<u>\$ 18,592,644</u>	<u>\$ 18,187,173</u>	<u>\$ 30,608,436</u>

Notes:

The City adopted GASB 68 during 2015. Prior years are not restated to reflect retrospective adoption of the statement.

The City adopted GASB 75 during 2017. Prior years are not restated to reflect retrospective adoption of the statement.

The City adopted GASB 87 during 2022. Prior years are not restated to reflect retrospective adoption of the statement.

CITY OF PALOS HEIGHTS, ILLINOIS
CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses:										
Governmental Activities:										
General government	\$ 3,158,700	\$ 2,575,120	\$ 2,747,151	\$ 2,112,880	\$ 2,466,705	\$ 2,494,207	\$ 2,833,267	\$ 2,479,732	\$ 2,762,909	\$ 6,787,035
Police and emergency services	6,425,899	7,631,698	6,072,819	6,462,128	8,485,331	7,293,695	6,532,287	6,514,299	5,856,452	5,385,075
Public works	3,363,385	2,711,535	2,689,895	2,507,963	3,023,254	3,091,306	2,757,154	2,707,894	2,993,929	1,575,551
Recreation and culture	3,149,019	3,461,525	2,917,440	2,981,754	2,811,596	2,684,856	2,757,104	2,722,325	2,223,000	2,656,983
Interest	313,601	350,497	367,727	380,775	401,484	417,703	433,167	416,120	384,395	263,036
Total Governmental Activities Expenses	16,410,604	16,730,375	14,795,032	14,445,500	17,188,370	15,981,767	15,312,979	14,840,370	14,220,685	16,667,680
Business-Type Activities:										
Water works and sewerage	9,049,135	6,784,355	6,633,390	7,142,761	6,027,803	5,898,952	6,143,184	5,242,435	5,229,808	4,692,038
Parking lot	7,786	5,779	5,663	10,825	45,604	29,897	71,961	28,872	7,574	105,624
Total Business-Type Activities Expenses	9,056,921	6,790,134	6,639,053	7,153,586	6,073,407	5,928,849	6,215,145	5,271,307	5,237,382	4,797,662
Total Primary Government Expenses	25,467,525	23,520,509	21,434,085	21,599,086	23,261,777	21,910,616	21,528,124	20,111,677	19,458,067	21,465,342
Program Revenues:										
Governmental Activities:										
Charges For Services:										
General government	1,144,957	1,019,927	984,481	983,080	988,306	959,010	1,322,879	888,883	1,355,366	1,058,746
Police and emergency services	81,222	416,311	189,725	613,297	678,823	732,105	410,973	387,605	440,247	881,261
Recreation and culture	1,553,099	1,340,851	988,774	342,514	1,232,649	1,268,539	1,162,422	916,804	819,044	706,382
Operating grants and contributions	661,668	1,500	1,703,780	-	-	-	-	-	14,598	93,533
Capital grants and contributions	1,750	63,505	171,266	795,303	79,297	86,662	101,420	83,511	3,498,169	42,665
Total Governmental Activities Program Revenues	3,442,696	2,842,094	4,038,026	2,734,194	2,979,075	3,046,316	2,997,694	2,276,803	6,127,424	2,782,587
Business-Type Activities:										
Charges For Services:										
Water works and sewerage	8,231,737	7,378,384	7,443,041	7,352,709	7,060,693	7,084,162	7,208,273	6,540,007	6,468,985	5,666,296
Parking lot	13,561	11,355	5,293	11,752	46,107	50,731	51,038	52,292	55,607	56,376
Capital grants and contributions	-	-	-	-	-	-	-	5,158	-	-
Total Business-Type Activities Program Revenues	8,245,298	7,389,739	7,448,334	7,364,461	7,106,800	7,134,893	7,259,311	6,597,457	6,524,592	5,722,672
Total Primary Government Program Revenues	\$ 11,687,994	\$ 10,231,833	\$ 11,486,360	\$ 10,098,655	\$ 10,085,875	\$ 10,181,209	\$ 10,257,005	\$ 8,874,260	\$ 12,652,016	\$ 8,505,259

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

LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net (Expense) Revenue:										
Governmental activities	\$ (12,967,908)	\$ (13,888,281)	\$ (10,757,006)	\$ (11,711,306)	\$ (14,209,295)	\$ (12,935,451)	\$ (12,315,285)	\$ (12,563,567)	\$ (8,093,261)	\$ (13,885,093)
Business-type activities	(811,623)	599,605	809,281	210,875	1,033,393	1,206,044	1,044,166	1,326,150	1,287,210	925,010
Total Primary Government Net Expense	(13,779,531)	(13,288,676)	(9,947,725)	(11,500,431)	(13,175,902)	(11,729,407)	(11,271,119)	(11,237,417)	(6,806,051)	(12,960,083)
General Revenues and Other Changes in Net in Net Position:										
Governmental Activities:										
General Revenues:										
Taxes:										
Property	8,907,428	8,312,534	7,749,471	7,222,096	7,313,223	6,795,656	6,336,789	6,022,995	5,504,839	5,108,109
Utility	1,053,525	1,180,545	1,052,460	1,017,182	1,073,019	1,128,801	1,131,427	1,164,686	1,208,116	1,316,295
Business district sales	147,651	143,814	152,955	115,916	106,094	108,926	110,569	113,327	106,958	79,793
Intergovernmental	4,964,506	5,196,051	4,620,072	3,955,946	3,470,975	3,183,251	3,016,498	3,019,553	3,127,378	3,042,806
Gain from sale of capital assets	-	32,748	73,412	-	-	-	23,184	1,132	55,856	18,488
Investment income (loss)	741,521	115,958	29,004	90,649	262,187	183,623	19,302	117,066	(88,666)	22,916
Other income	673,086	1,134,161	1,211,006	907,509	1,061,857	915,909	974,165	1,172,394	704,405	717,635
Transfers	-	-	21,405	-	-	-	-	-	-	-
Total Governmental Activities	16,487,717	16,115,811	14,909,785	13,309,298	13,287,355	12,316,166	11,611,934	11,611,153	10,618,886	10,306,042
Business-Type Activities:										
General Revenues:										
Investment income	456,638	89,273	14,707	100,641	165,410	100,501	45,510	26,674	2,212	6,205
Gain from sale of capital assets	-	-	40,430	-	-	-	-	-	-	-
Other income	25,830	42,975	42,421	39,116	35,410	43,170	9,700	5,061	4,984	7,091
Transfers	-	-	(21,405)	-	-	-	-	-	-	-
Total Business-Type Activities	482,468	132,248	76,153	139,757	200,820	143,671	55,210	31,735	7,196	13,296
Total Primary Government	16,970,185	16,248,059	14,985,938	13,449,055	13,488,175	12,459,837	11,667,144	11,642,888	10,626,082	10,319,338
Changes in Net Position:										
Governmental activities	3,519,809	2,227,530	4,152,779	1,597,992	(921,940)	(619,285)	(703,351)	(952,414)	2,525,625	(3,579,051)
Business-type activities	(329,155)	731,853	885,434	350,632	1,234,213	1,349,715	1,099,376	1,357,885	1,294,406	938,306
Total Primary Government	\$ 3,190,654	\$ 2,959,383	\$ 5,038,213	\$ 1,948,624	\$ 312,273	\$ 730,430	\$ 396,025	\$ 405,471	\$ 3,820,031	\$ (2,640,745)

Notes:

The City adopted GASB 68 during 2015. Prior years are not restated to reflect retrospective adoption of the statement.

The City adopted GASB 75 during 2017. Prior years are not restated to reflect retrospective adoption of the statement.

The City adopted GASB 87 during 2022. Prior years are not restated to reflect retrospective adoption of the statement.

CITY OF PALOS HEIGHTS, ILLINOIS
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

Fiscal Year	Property Taxes	Utility Taxes	Business District Sales Taxes	Total
2014	\$ 5,108,109	\$ 1,316,295	\$ 79,793	\$ 6,504,197
2015	5,504,839	1,208,116	106,958	6,819,913
2016	6,022,995	1,164,686	113,327	7,301,008
2017	6,336,789	1,131,427	110,569	7,578,785
2018	6,795,656	1,128,801	108,926	8,033,383
2019	7,313,223	1,073,019	106,094	8,492,336
2020	7,222,096	1,017,182	115,916	8,355,194
2021	7,749,471	1,052,460	152,955	8,954,886
2022	8,312,534	1,180,545	143,814	9,636,893
2023	8,907,428	1,053,525	147,651	10,108,604

CITY OF PALOS HEIGHTS, ILLINOIS
FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund:										
Nonspendable	\$ -	\$ 110,641	\$ 107,832	\$ -	\$ 195,793	\$ 108,908	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	<u>5,595,450</u>	<u>6,433,518</u>	<u>5,791,252</u>	<u>3,970,597</u>	<u>4,383,772</u>	<u>-</u>	<u>3,674,664</u>	<u>3,817,145</u>	<u>4,038,720</u>	<u>3,865,733</u>
Total General Fund	<u>5,595,450</u>	<u>6,544,159</u>	<u>5,899,084</u>	<u>3,970,597</u>	<u>4,579,565</u>	<u>108,908</u>	<u>3,674,664</u>	<u>3,817,145</u>	<u>4,038,720</u>	<u>3,865,733</u>
All Other Governmental Funds:										
Restricted	4,922,404	3,973,980	3,168,036	3,015,571	2,652,094	2,173,703	1,655,585	1,559,973	6,113,031	2,151,341
Assigned	<u>7,227,493</u>	<u>5,304,651</u>	<u>3,317,713</u>	<u>3,071,053</u>	<u>2,135,486</u>	<u>2,289,266</u>	<u>2,610,086</u>	<u>3,032,758</u>	<u>2,307,944</u>	<u>1,871,738</u>
Total All Other Governmental Funds	<u>\$ 12,149,897</u>	<u>\$ 9,278,631</u>	<u>\$ 6,485,749</u>	<u>\$ 6,086,624</u>	<u>\$ 4,787,580</u>	<u>\$ 4,462,969</u>	<u>\$ 4,265,671</u>	<u>\$ 4,592,731</u>	<u>\$ 8,420,975</u>	<u>\$ 4,023,079</u>

Note:

The City adopted GASB 87 during 2022. Prior years are not restated to reflect retrospective adoption of the statement.

CITY OF PALOS HEIGHTS, ILLINOIS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Taxes	\$ 10,108,604	\$ 9,636,893	\$ 8,954,886	\$ 8,355,194	\$ 8,492,336	\$ 8,033,383	\$ 7,578,785	\$ 7,301,008	\$ 6,819,913	\$ 6,504,197
Intergovernmental	4,964,506	5,196,051	4,620,072	3,955,946	3,470,975	3,183,251	3,016,498	3,019,553	3,127,378	3,042,806
Charges for services	266,991	384,408	386,038	328,131	416,024	411,831	411,883	408,175	475,846	472,623
Fees by agreement	1,194,879	1,026,246	752,758	311,029	959,110	979,796	880,689	634,863	555,699	459,016
Fines, forfeitures and penalties	325,065	416,311	189,725	613,297	678,823	732,105	410,973	381,864	440,247	840,207
Grants	80,234	916,895	1,023,156	795,303	8,987	86,662	101,420	83,511	197,542	136,801
Investment income (loss)	741,521	115,958	29,004	90,649	262,187	183,623	19,302	117,066	(88,666)	22,916
Licenses, permits and inspections	637,045	635,519	598,443	654,949	572,282	547,179	910,996	480,708	879,520	534,551
Swimming pool	352,545	314,605	236,016	31,485	273,539	288,743	281,733	281,941	263,345	247,366
Rental income	258,209	401,521	-	-	-	-	-	-	-	-
Other	1,000,814	732,640	1,211,006	907,509	1,061,857	915,909	974,165	1,178,135	702,014	739,870
Total Revenues	19,930,413	19,777,047	18,001,104	16,043,492	16,196,120	15,362,482	14,586,444	13,886,824	13,372,838	13,000,353
Expenditures:										
Current:										
General government	2,465,091	2,256,159	2,607,935	2,538,194	2,349,717	2,515,146	2,442,055	2,261,309	2,344,161	2,297,550
Public safety	7,684,044	7,323,368	7,052,405	7,025,766	6,737,633	6,128,083	5,877,546	6,043,242	5,681,116	5,141,101
Public works	1,250,687	1,366,597	1,144,007	1,183,341	1,175,352	1,195,725	954,429	1,035,369	1,237,195	1,113,560
Recreational department	2,574,197	2,621,038	2,142,958	1,837,381	2,162,070	2,171,691	2,143,767	2,141,026	1,797,910	2,058,670
Roads and construction	694,918	494,751	449,064	471,474	446,459	493,191	502,641	548,192	595,813	437,385
Debt service:										
Principal retirement	736,406	685,301	576,613	539,161	424,149	416,911	413,754	211,109	20,818	7,003
Interest charges and fees	352,537	383,851	388,665	413,112	429,611	446,740	462,724	579,268	452,854	61,335
Capital outlay	2,249,976	1,346,713	1,467,858	1,438,924	1,484,793	1,646,521	2,290,069	5,388,447	3,354,261	1,250,528
Total Expenditures	18,007,856	16,477,778	15,829,505	15,447,353	15,209,784	15,014,008	15,086,985	18,207,962	15,484,128	12,367,132
Excess (deficiency) of revenues over expenditures	1,922,557	3,299,269	2,171,599	596,139	986,336	348,474	(500,541)	(4,321,138)	(2,111,290)	633,221
Other financing sources (uses):										
Installment contract	-	98,738	41,758	-	-	-	-	181,419	-	64,500
Proceeds from bond issuance	-	-	-	-	-	-	-	-	6,300,000	-
Premium on bond issuance	-	-	-	-	-	-	-	-	298,022	-
Proceeds from sale of capital assets	-	39,950	92,850	93,937	57,500	34,500	31,000	89,900	84,151	34,000
Transfers in	3,113,571	2,613,881	829,515	1,444,568	741,228	715,794	1,274,147	1,289,093	983,639	721,105
Transfers out	(3,113,571)	(2,613,881)	(808,110)	(1,444,568)	(741,228)	(715,794)	(1,274,147)	(1,289,093)	(983,639)	(721,105)
Total Other Financing Sources (Uses)	-	138,688	156,013	93,937	57,500	34,500	31,000	271,319	6,682,173	98,500
Net change in fund balances	\$ 1,922,557	\$ 3,437,957	\$ 2,327,612	\$ 690,076	\$ 1,043,836	\$ 382,974	\$ (469,541)	\$ (4,049,819)	\$ 4,570,883	\$ 731,721
Debt service as a percentage of non-capital expenditures	6.27%	6.87%	6.31%	6.66%	5.98%	6.09%	6.52%	6.15%	5.19%	0.60%

Note:
The City adopted GASB 87 during 2022. Prior years are not restated to reflect retrospective adoption of the statement.

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

LAST TEN FISCAL YEARS

Levy Year	Real Property	Less Tax-Exempt Property	Total Taxable Assessed Value	Estimated Actual Taxable Value (1)	Total Direct Tax Rate
2013	\$ 399,740,670	N/A	\$ 399,740,670	\$ 1,199,222,010	1.236
2014	393,578,232	N/A	393,578,232	1,180,734,696	1.326
2015	379,844,244	N/A	379,844,244	1,139,532,732	1.562
2016	396,160,414	N/A	396,160,414	1,188,481,242	1.568
2017	458,253,064	N/A	458,253,064	1,374,759,192	1.459
2018	442,987,918	N/A	442,987,918	1,328,963,754	1.589
2019	436,996,291	N/A	436,996,291	1,310,988,873	1.590
2020	472,305,143	N/A	472,305,143	1,416,915,429	1.526
2021	429,038,721	N/A	429,038,721	1,287,116,163	1.706
2022	424,621,585	N/A	424,621,585	1,273,864,755	1.821

(1) The Estimated Actual Taxable Value is three times the Total Taxable Assessed Value.

Data Source: Cook County, Illinois Tax Extension Division

N/A - Information is not available.

CITY OF PALOS HEIGHTS, ILLINOIS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

Levy Year	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
City of Palos Heights:										
Corporate	0.446	0.455	0.405	0.438	0.438	0.379	0.421	0.438	0.438	0.438
Bond and interest	0.116	0.113	0.103	0.111	0.109	0.106	0.122	0.128	0.000	0.000
Police pension	0.579	0.575	0.501	0.488	0.481	0.403	0.358	0.339	0.288	0.232
IMRF	0.091	0.068	0.058	0.065	0.066	0.069	0.084	0.079	0.074	0.064
Recreation	0.158	0.139	0.131	0.140	0.144	0.142	0.168	0.178	0.185	0.184
Police protection	0.307	0.250	0.232	0.247	0.251	0.263	0.294	0.290	0.241	0.214
Social security	0.082	0.066	0.059	0.061	0.060	0.062	0.082	0.070	0.060	0.064
Special recreation	0.041	0.040	0.037	0.040	0.040	0.035	0.039	0.040	0.040	0.040
Total City of Palos Heights	1.8207	1.706	1.526	1.590	1.589	1.459	1.568	1.562	1.326	1.236
Overlapping governments:										
City of Palos Heights Library Fund	0.447	0.416	0.357	0.379	0.287	0.279	0.350	0.375	0.403	0.364
Cook County	0.431	0.446	0.453	0.454	0.489	0.496	0.533	0.552	0.568	0.560
Cook County Forest Preserve District	0.081	0.058	0.058	0.059	0.060	0.062	0.063	0.069	0.069	0.069
Consolidated Elections	-	0.019	0.000	0.030	0.000	0.031	0.000	0.034	-	0.031
So. Cook Co. Mosquito Abatement District	0.021	0.019	0.017	0.018	0.017	0.016	0.017	0.017	0.017	0.016
Metropolitan Water Reclamation Dist. of Chicago	0.374	0.382	0.378	0.389	0.396	0.402	0.406	0.426	0.430	0.417
Palos Township	0.078	0.072	0.062	0.067	0.064	0.060	0.068	0.070	0.066	0.063
Palos Twp General Assistance	0.009	0.008	0.007	0.010	0.009	0.008	0.008	0.088	0.007	0.006
Palos Twp Road and Bridge	0.060	0.055	0.049	0.053	0.051	0.047	0.054	0.055	0.052	0.049
Worth Township	0.075	0.058	0.060	0.069	0.070	0.067	0.078	0.078	0.076	0.073
Worth Township General Assistance	0.018	0.016	0.015	0.017	0.017	0.017	0.019	0.020	0.020	0.018
Worth Township Road and Bridge	0.036	0.033	0.029	0.033	0.034	0.033	0.037	0.039	0.037	0.035
North Palos Fire Protection District	1.478	1.377	1.220	1.320	1.106	1.032	1.161	1.198	1.134	1.076
Palos Fire Protection District	1.383	1.269	1.116	1.183	1.134	1.058	1.215	1.255	1.201	1.153
Palos Heights Fire Protection District	1.103	1.077	0.999	1.074	1.025	0.829	0.934	0.934	0.927	0.891
Worth Park District	0.491	0.461	0.406	0.486	0.474	0.455	0.506	0.520	0.503	0.461
South Palos Sanitary District	0.411	0.388	0.347	0.377	0.366	0.345	0.409	0.421	0.406	0.392
School District 118	3.272	3.147	2.794	2.988	2.882	2.714	3.106	3.212	3.133	2.989
School District 127	5.706	5.423	4.841	5.868	6.268	5.915	6.781	6.994	6.702	6.096
School District 128	3.157	3.229	2.842	3.035	2.949	2.803	3.146	3.284	3.136	3.001
Community High School District 218	4.002	3.619	3.407	3.821	3.458	3.719	4.164	4.247	4.049	3.775
Consolidated High School District 230	2.781	2.570	2.295	2.488	2.425	2.287	2.778	2.879	2.770	2.641
Community College District 524	0.425	0.394	0.351	0.393	0.384	0.365	0.406	0.419	0.403	0.375
Total Direct and Overlapping Tax Rate										
Per \$100 of Assessed Valuation	27.660	26.242	23.629	26.201	25.554	24.499	27.807	28.748	27.435	25.787

Source: Cook County, Illinois Tax Extension Division

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

DECEMBER 31, 2023

Taxpayer	2022			2013		
	Taxable Assessed Value *	Rank	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value **	Rank	Percentage of Total Taxable Assessed Value
7850 7880 West College	\$ 7,505,345	1	1.77 %	\$ -		-
Albertsons	6,621,672	2	1.56	-		-
JD Real Estate Inc	5,847,400	3	1.38	-		-
Ridgeland Nursing	5,559,582	4	1.31	2,186,473	6	0.55
11860 Southwest Hwy II	5,408,605	5	1.27	-		-
S-K Palos Heights Oppo	5,301,016	6	1.25	-		-
Everest College dr Mob	4,729,082	7	1.11	-		-
Frank P. Costa, Framari LLC , Costa Construction, MC Management	2,704,531	8	0.64	1,965,798	9	0.49
Reagan Corp	2,517,315	9	0.59	2,060,340	7	0.52
Physicians Realty LP	2,092,644	10	0.49	-		-
Manor Care Health Service 441 & 483	-		-	10,279,101	1	2.57
Palos Heights Properties	-		-	5,494,484	2	1.37
Jetco Properties	-		-	4,510,718	3	1.13
St. George Corp.	-		-	3,703,583	4	0.93
James Lambert	-		-	3,611,591	5	0.90
Advocate Healthcare	-		-	2,022,396	8	0.51
Vasili C. Siampos	-		-	1,863,465	10	0.47
	<u>\$ 48,287,192</u>		<u>11.37 %</u>	<u>\$ 37,697,949</u>		<u>9.43 %</u>

* Includes only those parcels with 2022 equalized assessed valuation of approximately \$100,000 and over.

** Includes only those parcels with 2013 equalized assessed valuation of approximately \$101,000 and over.

Source: Office of the Cook County Clerk

CITY OF PALOS HEIGHTS, ILLINOIS
SCHEDULE OF ASSESSED VALUATION, RATE EXTENSION AND COLLECTIONS

DECEMBER 31, 2023

<u>Tax levy year</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Equalized assessed valuation	\$ 424,621,585	\$ 429,038,721	\$ 472,305,143	\$ 436,996,291	\$ 442,987,918	\$ 458,253,064	\$ 396,160,414	\$ 379,844,244	\$ 379,844,244	\$ 399,740,670
Tax rates (per \$100 of equalized assessed valuation):										
Park and recreation	0.1584	0.1390	0.1312	0.1398	0.1439	0.1423	0.1678	0.1782	0.1845	0.1845
Police pension	0.5789	0.5747	0.5009	0.4884	0.4813	0.4028	0.3575	0.3390	0.2879	0.2319
Social security and I.M.R.F.	0.1729	0.1338	0.1173	0.1255	0.1256	0.1304	0.1657	0.1486	0.1348	0.1282
Corporate	0.4460	0.4548	0.4053	0.4375	0.4375	0.3785	0.4212	0.4375	0.4375	0.4375
Police protection	0.3073	0.2504	0.2315	0.2471	0.2509	0.2634	0.2946	0.2900	0.2414	0.2139
Special recreation	0.0408	0.0400	0.0371	0.0400	0.0400	0.0346	0.0385	0.0400	0.0400	0.0400
Bond and interest	0.1164	0.1128	0.1033	0.1113	0.1094	0.1065	0.1226	0.1279	0.0000	0.0000
Total Tax Rates	1.8207	1.7055	1.5266	1.5896	1.5886	1.4585	1.5679	1.5612	1.3261	1.2360
Rate Difference	0.1152	0.1789	(0.0630)	0.0010	0.1301	(0.1094)	0.0067	0.2351	0.0901	0.1764
Tax extensions:										
Park and recreation	\$ 672,601	\$ 596,364	\$ 619,664	\$ 610,921	\$ 637,243	\$ 652,043	\$ 664,757	\$ 677,054	\$ 726,186	\$ 737,375
Police pension	2,458,134	2,465,686	2,365,776	2,134,290	2,132,100	1,845,988	1,416,273	1,287,500	1,133,000	927,000
Social security and I.M.R.F.	734,171	574,054	554,014	548,430	556,552	597,400	656,438	564,549	526,802	512,710
Corporate	1,893,812	1,951,268	1,914,253	1,911,859	1,938,072	1,734,394	1,668,628	1,661,819	1,721,905	1,748,865
Police protection	1,304,862	1,074,313	1,093,386	1,079,818	1,111,250	1,207,058	1,167,089	1,101,556	950,220	854,988
Handicapped fund	173,246	171,615	175,225	174,799	177,195	158,573	152,522	151,938	157,431	159,896
Bond and interest	494,260	483,956	487,891	486,377	484,667	487,922	485,693	485,920	0.0000	0.0000
Total Tax Extensions	\$ 7,731,085	\$ 7,317,256	\$ 7,210,209	\$ 6,946,494	\$ 7,037,079	\$ 6,683,378	\$ 6,211,400	\$ 5,930,336	\$ 5,215,544	\$ 4,940,834
Collections:										
Current	\$ 7,397,731	\$ 7,056,715	\$ 6,937,425	\$ 6,753,466	\$ 6,844,540	\$ 6,430,310	\$ 6,086,018	\$ 5,793,491	\$ 5,165,275	\$ 4,760,018
Subsequent	-	76,274	75,630	56,549	(9,749)	14,639	4,662	35,523	20,204	59,088
Total Collections	\$ 7,397,731	\$ 7,132,989	\$ 7,013,055	\$ 6,810,015	\$ 6,834,791	\$ 6,444,949	\$ 6,090,680	\$ 5,829,014	\$ 5,185,479	\$ 4,819,106
Percent collected:										
Current	95.69%	96.44%	96.22%	97.22%	97.26%	96.21%	97.97%	97.69%	99.04%	96.34%
Subsequent	0.00%	1.04%	1.05%	0.81%	-0.14%	0.22%	0.08%	0.60%	0.39%	1.20%
Total Percent Collected	95.69%	97.48%	97.27%	98.03%	97.12%	96.43%	98.05%	98.29%	99.43%	97.54%

CITY OF PALOS HEIGHTS, ILLINOIS
RATIOS OF OUTSTANDING DEBT BY TYPE

DECEMBER 31, 2023

Fiscal Year	Governmental Activities				Business-type	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds (1)	Alternate Revenue Bonds	Installment Contracts	Notes Payable	Installment Contracts			
2023	\$ 4,263,678	\$ -	\$ 59,380	\$ 2,691,310	\$ -	\$ 7,014,368	1.30 %	\$ 581
2022	4,591,378	-	91,426	3,085,670	-	7,768,474	1.44	644
2021	4,910,126	-	27,839	3,435,820	-	8,373,785	1.55	694
2020	5,224,905	-	23,323	3,430,191	90,368	8,768,787	1.61	701
2019	5,530,680	-	61,807	3,645,868	200,437	9,438,792	1.73	754
2018	5,827,417	-	98,677	3,758,147	314,897	9,999,138	1.83	799
2017	6,120,097	-	133,900	3,869,835	243,769	10,367,601	1.89	828
2016	6,403,686	-	189,768	3,967,221	433,488	10,994,163	2.01	878
2015	6,590,179	-	43,682	3,992,997	575,778	11,202,636	2.05	895
2014	-	-	64,500	3,992,997	-	4,057,497	0.74	324

(1) This is the City's general bonded debt, including issuance premium.

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

CITY OF PALOS HEIGHTS, ILLINOIS
RATIOS OF GENERAL OBLIGATION BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Debt (1)	Less Amount Available in Debt Service Fund (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2023	\$ 4,263,678	\$ (86,981)	\$ 4,176,697	0.33 %	\$ 346
2022	4,591,378	(58,659)	4,532,719	0.36	380
2021	4,910,126	-	4,910,126	0.35	407
2020	5,224,905	-	5,224,905	0.40	417
2019	5,530,680	-	5,530,680	0.42	442
2018	5,827,417	-	5,827,417	0.42	466
2017	6,120,097	-	6,120,097	0.51	489
2016	6,403,686	-	6,403,686	0.56	512
2015	6,590,179	-	6,590,179	0.56	527
2014	-	-	-	-	-

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

- (1) This is the City's general obligation debt, including premium.
- (2) This is the amount restricted for debt service principal payments.
- (3) See the Schedule of Assessed Valuation, Rate Extension and Collections for property value data.
- (4) Population data can be found in the Schedule of Demographic and Economics Statistics.

CITY OF PALOS HEIGHTS, ILLINOIS
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT

DECEMBER 31, 2023

<u>Overlapping Agencies</u>	2022 Equalized Assessed Valuation	Outstanding Debt	Applicable to District	
			Percent (5)	Amount
City of Palos Heights, direct debt	\$ 424,621,585	\$ 7,014,368 (1)	100.000 %	\$ 7,014,368
Overlapping Agencies:				
Cook County	184,114,928,598	2,093,131,750	0.231	4,835,134
Cook County Forest Preserve District	184,114,928,598	87,340,000	0.231	201,755
Metropolitan Water Reclamation District	181,143,172,014	2,517,556,218 (2)	0.234	5,891,082
Park District:				
Worth Park District	190,807,246	150,000	0.071	107
School Districts:				
School District #118	787,283,802	3,945,000	26.240	1,035,168
School District #127	190,131,339	207,556 (3)	0.414	859
School District #128	303,044,550	4,680,000	71.648	3,353,126
High School District #218	2,441,715,486	28,635,000 (4)	8.925	2,555,674
High School District #230	4,864,424,584	28,875,000	4.247	1,226,321
Community College #524	10,498,969,421	23,165,000 (4)	4.043	936,561
Total overlapping agencies				<u>20,035,787</u>
Total overlapping general obligation bonded debt				<u>\$ 27,050,155</u>

Note: Overlapping governments are those that coincide at least in part, with the geographic boundaries of the City. The schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

- (1) This is the City's general obligation debt, including premium, installment contracts and notes payable.
- (2) Includes IEPA Revolving Loan Fund Bonds.
- (3) Includes original principal amounts of outstanding General Obligation Capital Appreciation Bonds.
- (4) Excludes outstanding principal amounts of General Obligation (Alternate Revenue Source) Bonds which are expected to be paid from sources other than general taxation.
- (5) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

Sources: Office of the Cook County Clerk, Cook County Department of Revenue, and Treasurer of the Metropolitan Water Reclamation District of Greater Chicago.

CITY OF PALOS HEIGHTS, ILLINOIS
LEGAL DEBT MARGIN INFORMATION

DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Debt limit	\$ 36,623,612	\$ 37,004,590	\$ 40,736,319	\$ 37,690,930	\$ 38,207,708	\$39,524,327	\$ 34,168,836	\$ 32,761,566	\$ 33,946,123	\$34,477,633
Total net debt applicable to limit	<u>4,323,058</u>	<u>4,682,804</u>	<u>4,937,965</u>	<u>5,338,596</u>	<u>5,792,924</u>	<u>6,240,991</u>	<u>6,497,766</u>	<u>7,026,942</u>	<u>7,209,639</u>	<u>64,500</u>
Legal debt margin	<u>\$ 32,300,554</u>	<u>\$ 32,321,786</u>	<u>\$ 35,798,354</u>	<u>\$ 32,352,334</u>	<u>\$ 32,414,784</u>	<u>\$ 33,283,336</u>	<u>\$ 27,671,070</u>	<u>\$ 25,734,624</u>	<u>\$ 26,736,484</u>	<u>\$ 34,413,133</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>11.80</u> %	<u>12.65</u> %	<u>12.12</u> %	<u>14.61</u> %	<u>15.16</u> %	<u>15.79</u> %	<u>19.02</u> %	<u>21.45</u> %	<u>21.24</u> %	<u>0.19</u> %

Legal Debt Margin Calculation for Fiscal Year 2023:

Equalized assessed valuation of taxable property	\$ 424,621,585
Legal applicable rate	<u>0.08625</u>
Legal applicable limit	36,623,612
Less debt applicable to limit	<u>4,323,058</u>
Legal debt margin	<u><u>\$ 32,300,554</u></u>

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

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

CITY OF PALOS HEIGHTS, ILLINOIS
PLEDGED-REVENUE COVERAGE

DECEMBER 31, 2023

Fiscal Year	Pledged Revenue Collections	Debt Service		Coverage	
		Principal	Interest		
2023	\$ 590,609	\$ 394,360	\$ 196,249	100.00	%
2022	568,669	350,151	218,518	100.00	
2021	462,531	244,371	218,160	100.00	
2020	447,553	215,677	231,876	100.00	
2019	351,297	112,279	239,018	100.00	
2018	358,107	111,688	246,419	100.00	
2017	349,701	97,386	252,315	100.00	
2016	316,265	25,775	261,086	110.00	
2015	271,092	-	253,954	107.00	
2014	93,791	7,003	61,335	137.00	

Notes: Pledged revenue collections include incremental property tax, business district sales tax, and incremental sales tax. Pledged-revenue coverage is based on prior year collections.

CITY OF PALOS HEIGHTS, ILLINOIS
DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Income	Metro Area Unemployment Rate	Median Age	Education Level Age 25 and Older		Elementary Enrollment
						Four Years High School	One Year or More of College	
2023	12,068	\$ 539,693	\$ 44,721	4.50 %	52.1	9,591	5,213	2,477
2022	12,068	539,693	44,721	4.80	52.1	9,591	5,213	2,477
2021	12,068	539,693	44,721	4.10	52.1	9,591	5,213	2,477
2020	12,515	546,092	43,635	8.70	50.9	8,597	6,404	2,843
2019	12,515	546,092	43,635	3.20	50.9	8,597	6,404	2,843
2018	12,515	546,092	43,635	3.90	50.9	8,597	6,404	2,843
2017	12,515	547,781	43,770	5.00	50.9	8,597	6,404	2,843
2016	12,515	547,781	43,770	5.70	50.9	8,597	6,404	2,843
2015	12,515	547,781	43,770	6.00	50.9	8,597	6,404	2,843
2014	12,515	547,781	43,770	6.20	50.9	8,597	6,404	2,843

Data Sources:

(1) Above data prepared by the City, Northern Illinois Planning Commission, or the Illinois Department of Employment Security.

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

LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Function:										
Public safety - Police:										
Officers	27	28	29	29	29	27	28	27	29	28
Civilians	4	4	3	3	3	3	3	3	3	3
Public works	17	16	16	16	18	16	16	16	16	16
Recreation	8	8	8	8	7	7	6	7	6	6
Lake Katherine	4	4	4	4	4	4	4	3	3	3
General government	9	9	8	9	9	9	9	8	9	8
Motor vehicle maintenance	2	2	2	2	2	2	2	2	2	2
Total	<u>71</u>	<u>71</u>	<u>70</u>	<u>71</u>	<u>72</u>	<u>68</u>	<u>68</u>	<u>66</u>	<u>68</u>	<u>66</u>

Source: City records

CITY OF PALOS HEIGHTS, ILLINOIS
OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Function:	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public safety:										
Police department:										
Arrests	243	248	152	193	295	534	439	564	625	763
Traffic violations	2,940	4,020	398	308	1,100	1,310	1,415	1,536	1,562	918
Compliance violations	563	566	573	376	1,250	1,661	1,687	1,036	1,465	1,811
Public works:										
Streets resurfaced (in miles)	1.98	1.32	1.65	1.10	1.90	2.81	1.89	1.10	1.90	1.92
Building and community development:										
Building permits issued:										
Commercial	153	150	161	143	148	135	202	149	196	182
Residential	754	692	847	810	742	700	652	642	694	643
Building value	\$ 39,067,683	\$ 19,276,096	\$ 23,301,530	\$ 22,610,909	\$ 12,918,723	\$ 13,041,291	\$ 47,693,103	\$ 14,456,771	\$ 41,518,041	\$ 13,019,521
Number of dwelling units	5,059	5,059	5,058	5,058	5,058	5,057	5,057	5,057	5,057	5,057
Number of registered voters	9,719	9,817	9,745	9,745	9,423	9,174	9,174	9,174	9,174	9,174
Waterworks and sewerage:										
Number of properties served by the combined waterworks and sewerage system	5,178	5,178	5,177	5,177	5,177	5,176	5,176	5,176	5,176	5,176
Number of metered customers served by the combined waterworks and sewerage system	5,609	5,609	5,608	5,608	5,608	5,607	5,607	5,607	5,607	5,607
Number of metered customers served by the waterworks system only	2	2	2	2	2	2	2	2	2	2
Water main breaks	29	44	45	67	40	48	51	37	47	46
Average daily consumption (in 000's)	1,441	1,334	1,440	1,461	1,232	1,460	1,502	1,514	1,573	1,531
Gallons per customer	94	87	94	95	80	95	98	99	102	100
Gallons per capita	42	39	42	43	36	43	44	44	46	45
Total gallons purchased and pumped by the City (in 000's)	525,970	486,745	525,437	533,164	496,417	532,985	548,360	552,593	574,074	558,843
Total gallons billed (in 000's)	482,751	464,240	474,232	471,396	449,535	469,438	490,571	497,801	492,153	493,491

Source: City records

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

Honorable Mayor and Members of the City Council
City of Palos Heights, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Palos Heights, Illinois (the “City”), as of and for the year ended December 31, 2023, 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 8, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described below, that we consider to be a material weakness.

2023-001: Segregation of Duties

Criteria – In a strong system of internal controls, it is desirable to have access to cash segregated from record-keeping as much as possible.

Condition – Employees of the City have access to both the cash and the record-keeping function of the City.

Cause – The City does not have the funding to hire additional staff to properly segregate duties.

Effect – There is a lack of segregation of duties at the City.

Recommendation – Access to cash should be segregated from the record-keeping function as much as possible.

Management’s Response – Due to cost/benefit constraints of adding additional staff to the finance department, complete segregation of duties cannot be achieved. The City’s management currently oversees all accounting activities.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Palos Heights, Illinois' 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*.

City of Palos Heights, Illinois' Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of Palos Heights, Illinois' response to the finding identified in our audit and described above. City of Palos Heights, Illinois' response was not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Cherry Bekaert LLP

Orland Park, Illinois
October 8, 2024