

CITY OF PALOS HEIGHTS STATE OF ILLINOIS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

As of and for the Year Ended December 31, 2024

And Reports of Independent Auditor

CITY OF PALOS HEIGHTS, ILLINOIS
TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal 1-3
Organizational Chart 4
Officers and Officials 5

FINANCIAL SECTION

Report of Independent Auditor 6-9
Management’s Discussion and Analysis 10-17
Basic Financial Statements:
 Government-Wide Financial Statements:
 Statement of Net Position 18-19
 Statement of Activities 20
 Fund Financial Statements:
 Balance Sheet – Governmental Funds 21
 Reconciliation of Fund Balances – Total Governmental Funds to Net Position of
 Governmental Activities 22
 Statement of Revenues, Expenditures, and Changes in Fund Balances –
 Governmental Funds 23-24
 Reconciliation of the Net Change in Fund Balances – Total Governmental Funds to
 the Change in Net Position of Governmental Activities 25
 Statement of Revenues, Expenditures, and Changes in Fund Balances –
 Budget and Actual – General Fund 26
 Statement of Net Position – Proprietary Funds 27-28
 Statement of Revenues, Expenses, and Changes in Net Position –
 Proprietary Funds 29
 Statement of Cash Flows – Proprietary Funds 30
 Statement of Fiduciary Net Position – Fiduciary Fund – Pension Trust Fund 31
 Statement of Changes in Fiduciary Net Position – Fiduciary Fund – Pension Trust Fund 32
Notes to Basic Financial Statements 33-66

REQUIRED SUPPLEMENTARY INFORMATION

Employee Retirement and Other Postemployment Benefit Plans:
 Police Pension Plan:
 Schedule of Changes in the Employer’s Net Pension Liability 67
 Schedule of Employer Contributions and Schedule of Investment Returns 68
 Illinois Municipal Retirement Fund:
 Schedule of Changes in the Employer’s Net Pension Liability and Related Ratios 69
 Schedule of Employer Contributions 70-71
 Health Insurance Plan for Retired Employees:
 Schedule of Changes in the Employer’s Net OPEB Liability and Related Ratios 72

SUPPLEMENTARY INFORMATION

Combining and Individual Fund Financial Statements and Schedules:
 Major Governmental Funds:
 General Fund:
 Combining Schedule of Balance Sheet Accounts 73
 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances 74

CITY OF PALOS HEIGHTS, ILLINOIS
TABLE OF CONTENTS (CONTINUED)

SUPPLEMENTARY INFORMATION (CONTINUED)

Corporate Fund:	
Balance Sheet.....	75
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	76
Schedule of Expenditures – Budget and Actual:	
General Government.....	77
Public Safety	78
Public Works / Lake Katherine.....	79-80
Recreation Department / Swimming Pool.....	81
Roads and Construction	82
Beautification Committee Fund:	
Balance Sheet.....	83
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	84
Vehicle License Fund:	
Balance Sheet.....	85
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	86
Capital Projects Fund:	
Balance Sheet.....	87
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	88
Major Proprietary Fund:	
Waterworks and Sewerage Fund:	
Statement of Net Position.....	89-90
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual.....	91
Schedule of Operating Expenses – Budget and Actual.....	92
Statement of Cash Flows	93
Nonmajor Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	95
Special Revenue Funds:	
Seizure and Forfeiture Fund:	
Balance Sheet	96
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.....	97
Motor Fuel Tax Fund:	
Balance Sheet.....	98
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.....	99
Social Security:	
Balance Sheet.....	100
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.....	101
IMRF:	
Balance Sheet.....	102
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.....	103
Special Recreation Fund:	
Balance Sheet	104
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.....	105
Police DUI Fine Fund:	
Balance Sheet.....	106
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.....	107
Cal Sag Trail Fund:	
Balance Sheet.....	108
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.....	109
Business District Fund:	
Balance Sheet.....	110
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.....	111

CITY OF PALOS HEIGHTS, ILLINOIS
TABLE OF CONTENTS (CONTINUED)

SUPPLEMENTARY INFORMATION (CONTINUED)

PEG Capital Fund:
 Balance Sheet 112
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 113
 Capital Projects Funds:
 127th and Harlem Tax Increment Fund:
 Balance Sheet 114
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 115
 Gateway Tax Increment Fund:
 Balance Sheet 116
 Schedule of Revenues, Expenditures, and Changes in Fund Balances (Deficit) –
 Budget and Actual 117
 Debt Service Fund:
 Bond and Interest Fund:
 Balance Sheet 118
 Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual 119
 Nonmajor Proprietary Fund:
 Metra Station Parking Fund:
 Statement of Net Position 120
 Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual 121
 Statement of Cash Flows 122
 Illinois Grant Accountability and Transparency Act Consolidated Year-End Financial Report 123

STATISTICAL SECTION

Statistical Section 124
 Net Position by Component 125
 Changes in Net Position 126-127
 Governmental Activities Tax Revenues by Source 128
 Fund Balances of Governmental Funds 129
 Changes in Fund Balances of Governmental Funds 130
 Assessed Value and Estimated Actual Value of Taxable Property 131
 Property Tax Rates - Direct and Overlapping Governments 132
 Principal Property Taxpayers 133
 Schedule of Assessed Valuation, Rate Extension, and Collections 134
 Ratios of Outstanding Debt by Type 135
 Ratios of General Obligation Bonded Debt Outstanding 136
 Direct and Overlapping General Obligation Bonded Debt 137
 Legal Debt Margin Information 138
 Pledged Revenue Coverage 139
 Demographic and Economic Statistics 140
 Full-time Equivalent City Government Employees by Function 141
 Operating Indicators by Function 142

Report of Independent Auditor on Internal Control over Financial Reporting and on
 Compliance and Other Matters Based on an Audit of Financial Statements Performed in
 Accordance with *Government Auditing Standards* 143-144

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
Patrick Scully

December 30, 2025

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, 2024, 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 the renovation of Orchard Park, new water slide at the pool, replacement of the ADA ramp at Lake Katherine, replacement of the waterfall pump at Lake Katherine, purchase of a towable manlift for Public Works, purchase of a brush cutter for Public Works, squad car cameras, new transit van for Recreation, 5 new vehicles for the Police Department, new transit van for Public Works and a new pump at the Southwest Highway Lift Station.

The City of Palos Heights provides Park and Recreations services to its residents. The City of Palos Heights is currently renovating the Palos Heights Pool that will feature a new water slide, fabric shade structures, open space with artificial turf, two ping pong tables, two bean bag toss stations, a woodland story walk and renovated bathhouse.

FOR THE FUTURE

The City of Palos Heights enters fiscal year 2025 on a sound financial basis. Budgeted revenues and expenditures in the General Fund in 2025 are balanced. Budgeted revenues and expenditures in the Enterprise Fund in 2025 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 the Palos Heights Pool, the purchase of capital equipment for Public Works, audible crosswalks at 123rd & Harlem Avenue, remodeling of City Hall, wayfinding signage, construction of the Lake Katherine parking lot, Southwest Highway retaining wall construction, new squad cars for the Police Department, Flock Safety TPR traffic cameras, new vehicle for recreation, pool decking, secondary parking lot exit at Lake Katherine, decking at Lake Katherine, HVAC improvements at Lake Katherine, new building permit software, new vehicle for the Building Department, new tank installation at NW Palos hospital, Route 83 watermain installation, meter replacement throughout the city, Misty Tower Maintenance, and 131st Street sewer lining.

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

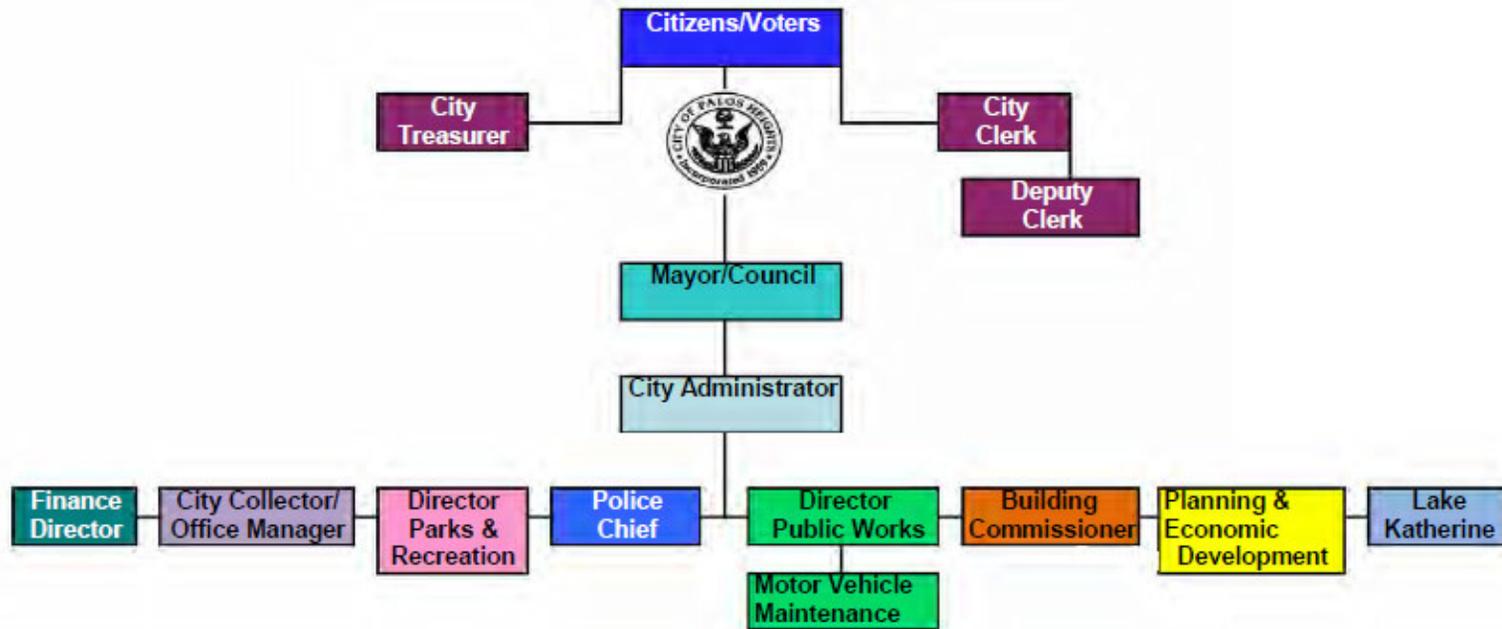
The preparation of the annual comprehensive financial report ("ACFR") could not have been completed without the efficient and dedicated service of the entire staff at the City of Palos Heights. I would like to express my appreciation to all departments who assisted and contributed to its preparation.

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

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

To the 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, 2024, 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 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.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the City as of December 31, 2023, which are not presented with the accompanying financial statements, and we 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, 2023, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2023 basic financial statements. The information was subjected to the audit procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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 December 30, 2025, 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
December 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF PALOS HEIGHTS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

DECEMBER 31, 2024

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, 2024. 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, 2024 by \$36,755,768 (*net position*). Of this amount, \$28,712,240 is invested in capital assets and \$6,725,305 is restricted; \$1,318,223 is unrestricted.
- The total net position of the City increased by \$4,707,045 during the year ended December 31, 2024.
- As of December 31, 2024, the City's governmental funds reported combined ending fund balances of \$20,613,629. Approximately 31.0% of this amount (\$6,380,034) is available for spending at the government's discretion (*unassigned fund balance*).
- For the fiscal year ending December 31, 2024, total governmental funds revenues and other financing sources exceeded expenditures and other financing uses by \$2,868,282.
- 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 \$6,380,034, or approximately 45.3% of total General Fund expenditures.
- The City's long-term liabilities at December 31, 2024 totaled \$28,893,779. The City's long-term liabilities include a liability of \$15,691,999 related to the police pension, a liability of \$2,047,355 related to the Illinois Municipal Retirement Fund, and a liability of \$2,379,795 related to other postemployment benefits as of December 31, 2024.

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, 2024

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 18-20 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 twelve 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 21-26 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 27-29 of this report.

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

DECEMBER 31, 2024

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 31-32 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 33-66 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 67-72 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 73-122 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 \$36,755,768 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 31,776,039	\$ 28,564,870	\$ 11,691,317	\$ 11,899,226	\$ 43,467,356	\$ 40,464,096
Capital assets	29,194,772	27,199,068	5,181,301	4,563,051	34,376,073	31,762,119
Total Assets	60,970,811	55,763,938	16,872,618	16,462,277	77,843,429	72,226,215
Deferred outflows of resources	2,946,953	4,292,313	444,588	663,296	3,391,541	4,955,609
Current and other liabilities	2,066,731	2,085,299	1,395,074	852,086	3,461,805	2,937,385
Long-term liabilities outstanding	27,679,288	28,967,761	1,214,491	1,255,907	28,893,779	30,223,668
Total Liabilities	29,746,019	31,053,060	2,609,565	2,107,993	32,355,584	33,161,053
Deferred inflows of resources	11,785,981	11,608,871	337,637	363,177	12,123,618	11,972,048
Net Position:						
Net investment in capital assets	24,524,528	22,617,445	4,187,712	4,563,051	28,712,240	27,180,496
Restricted	6,725,305	4,922,404	-	-	6,725,305	4,922,404
Unrestricted	(8,864,069)	(10,145,529)	10,182,292	10,091,352	1,318,223	(54,177)
Total Net Position	\$ 22,385,764	\$ 17,394,320	\$ 14,370,004	\$ 14,654,403	\$ 36,755,768	\$ 32,048,723

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 (18.3%) 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, 2024

At the end of the current fiscal year, the City had unrestricted net position of \$1,318,223.

The City's overall net position increased \$4,707,045 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 2024 and its effects on net position.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 3,134,637	\$ 2,779,278	\$ 8,386,879	\$ 8,245,298	\$ 11,521,516	\$ 11,024,576
Operating grants and contributions	1,133,665	661,668	-	-	1,133,665	661,668
Capital grants and contributions	929,798	1,750	-	-	929,798	1,750
General revenues:						
Property taxes	9,037,644	8,907,428	-	-	9,037,644	8,907,428
Utility taxes	982,697	1,053,525	-	-	982,697	1,053,525
Business district taxes	572,576	147,651	-	-	572,576	147,651
Intergovernmental - unrestricted	5,101,284	4,964,506	-	-	5,101,284	4,964,506
Investment income	970,440	741,521	488,151	456,638	1,458,591	1,198,159
Other income	767,408	673,086	28,961	25,830	796,369	698,916
Total revenues	<u>22,630,149</u>	<u>19,930,413</u>	<u>8,903,991</u>	<u>8,727,766</u>	<u>31,534,140</u>	<u>28,658,179</u>
Expenses:						
General government	3,766,117	3,158,700	-	-	3,766,117	3,158,700
Police and emergency services	7,235,307	6,425,899	-	-	7,235,307	6,425,899
Public works	3,052,998	3,363,385	-	-	3,052,998	3,363,385
Recreation and culture	3,281,511	3,149,019	-	-	3,281,511	3,149,019
Interest	302,772	313,601	-	-	302,772	313,601
Waterworks and sewerage	-	-	9,158,534	9,049,135	9,158,534	9,049,135
Parking lot	-	-	29,856	7,786	29,856	7,786
Total expenses	<u>17,638,705</u>	<u>16,410,604</u>	<u>9,188,390</u>	<u>9,056,921</u>	<u>26,827,095</u>	<u>25,467,525</u>
Change in net position	4,991,444	3,519,809	(284,399)	(329,155)	4,707,045	3,190,654
Net position at beginning 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>
Net position at end of year	<u>\$ 22,385,764</u>	<u>\$ 17,394,320</u>	<u>\$ 14,370,004</u>	<u>\$ 14,654,403</u>	<u>\$ 36,755,768</u>	<u>\$ 32,048,723</u>

Governmental Activities. During the current fiscal year, net position for governmental activities increased by \$4,991,444 from the prior fiscal year for an ending net position balance of \$22,385,764. Revenues increased in the current year due to interest rates on investments increasing, OSLAD grants, an increase in building permit revenues, and an increase in property tax revenue. Expenses increased overall in the current year, including an increase in general government expenses, public works salaries, and an increase in health insurance.

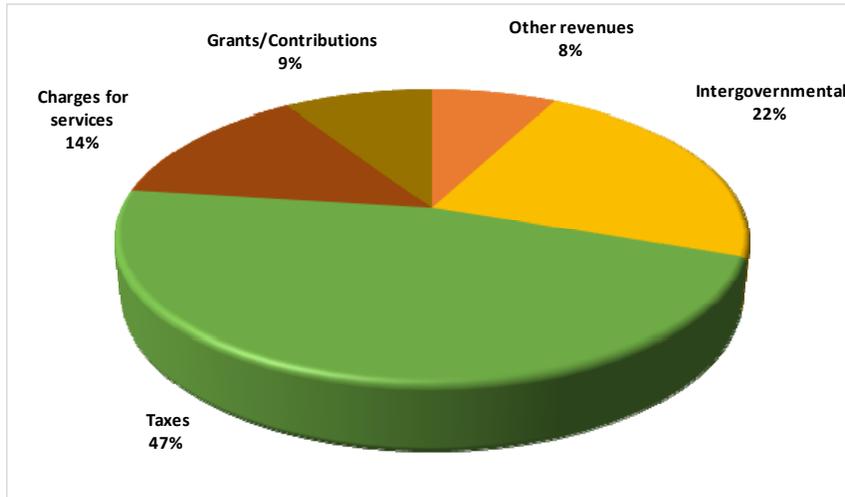
Business-type Activities. During the current fiscal year, net position for the business-type activities decreased by \$284,399 from the prior fiscal year for an ending net position balance of \$14,370,004. Revenues increased over the prior year due to interest rates on investments increasing and a water 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)

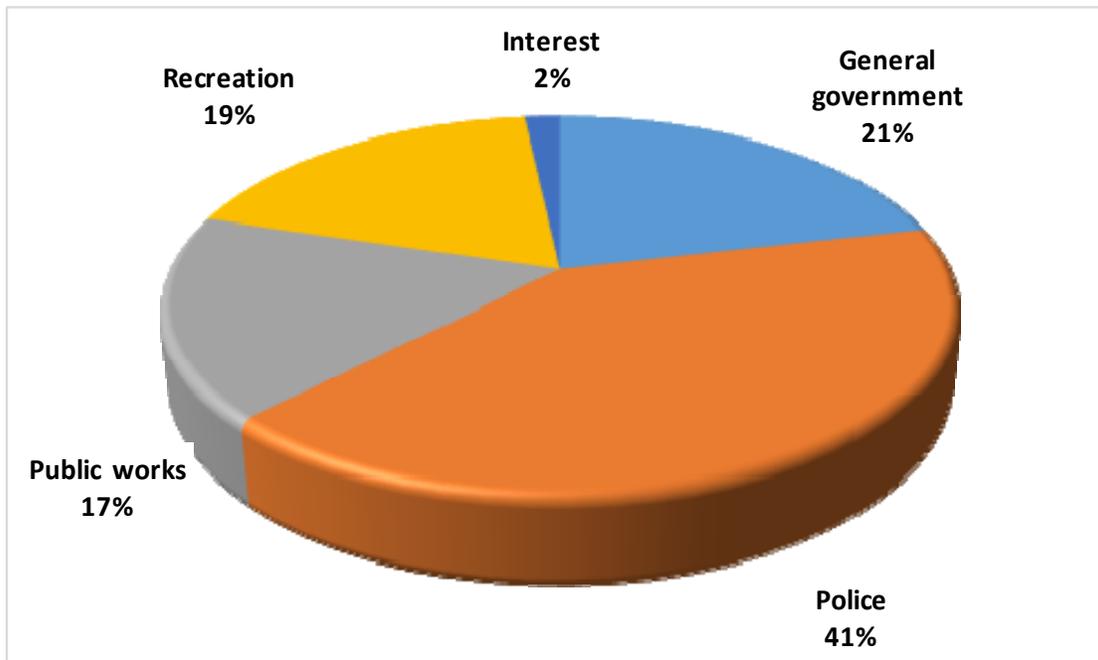
DECEMBER 31, 2024

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, 2024

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, 2024 the City's governmental funds reported combined fund balances of \$20,613,629, an increase of \$2,868,282 over the prior fiscal year. As noted earlier, approximately 31.0% of this amount (\$6,380,034) 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 (\$6,725,305), or assigned for particular purposes (\$7,508,290).

As of December 31, 2024, the City's General Fund, its chief operating fund, reported an ending balance of \$6,380,034. This is an increase of \$784,584 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, 2024.

As of December 31, 2024, the City's Capital Projects Fund reported an ending balance of \$7,074,685. This is an increase of \$202,288 in comparison to the prior year. The change in fund balance was due to grant funding of capital projects.

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 \$(269,706) decrease in its net position in 2024. Operating expenses exceeded operating revenues for the 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, 2024, \$37,209,656 was held in trust for police pension benefits.

Budgetary Highlights

The 2024 annual expenditure budget for the City's General Fund identified the budgeted level of spending at \$14,963,892. Actual expenditures were less than budgeted expenditures by approximately \$887,231, or 5.9 percent.

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

DECEMBER 31, 2024

Actual revenues were higher than budgeted revenues in the General Fund by \$1,496,878, or approximately 9.9 percent.

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

Revenue Source	Budget	Actual	Variance
Investment income	\$ 150,000	\$ 732,762	\$ 582,762
Licenses, permits, and inspections	429,300	883,902	454,602

Investment income significantly increased this year. Building permit and inspection income significantly increased during the year due to a major storm event.

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

Expenditure Function	Budget	Actual	Variance
General government - Corporate subfund	\$ 2,291,219	\$ 1,882,181	\$ 409,038
Public works – Corporate subfund	1,597,320	1,397,012	200,308

General government expenditures for medical insurance came in lower than expected. Several consulting projects were not completed in the fiscal year. New software for the building department was not purchased. Public works expenditures for snow plowing overtime, tree trimming and gasoline & oil came in lower than expected.

Capital Asset Administration

The City’s investment in capital assets as of December 31, 2024, net of accumulated depreciation, is summarized as follows:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Land and land improvements	\$ 10,541,552	\$ 10,042,576	\$ 45,849	\$ 45,849	\$ 10,587,401	\$ 10,088,425
Buildings and building improvements	10,739,701	11,207,913	1,100,728	1,098,959	11,840,429	12,306,872
Equipment	1,341,098	876,715	255,428	459,951	1,596,526	1,336,666
Water distribution, storm system and sanitary systems	-	-	3,747,605	2,926,601	3,747,605	2,926,601
Infrastructure	4,237,129	4,504,955	-	-	4,237,129	4,504,955
Construction in progress	2,335,292	566,909	31,691	31,691	2,366,983	598,600
Total	\$ 29,194,772	\$ 27,199,068	\$ 5,181,301	\$ 4,563,051	\$ 34,376,073	\$ 31,762,119

Major capital asset events during the current fiscal year included the purchase of a Toyota Highlander, Toyota 4Runner, two Ford Transit vans, 3 Chevy Tahoes, and a Ford F250, new water slide at the pool, new ramp at Lake Katherine, new waterfall pump at Lake Katherine, purchase of a towable manlift and brush cutter, squad cameras, and the renovation of Orchard Park.

Additional information on the City’s capital assets can be found in note 2 on pages 45 – 47 of this report.

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

DECEMBER 31, 2024

Long-term Liabilities

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Compensated absences	\$ 1,800,900	\$ 1,627,685	\$ 238,549	\$ 212,810	\$ 2,039,449	\$ 1,840,495
Net pension liability	15,691,999	16,740,581	-	-	15,691,999	16,740,581
Postemployment benefits liability	1,849,815	1,824,485	529,980	549,292	2,379,795	2,373,777
IMRF liability	1,601,393	1,760,642	445,962	493,805	2,047,355	2,254,447
General obligation bond, including premium	3,927,061	4,263,678	-	-	3,927,061	4,263,678
Notes payable	2,691,310	2,691,310	-	-	2,691,310	2,691,310
Installment contract	116,810	59,380	-	-	116,810	59,380
Total	\$ 27,679,288	\$ 28,967,761	\$ 1,214,491	\$ 1,255,907	\$ 28,893,779	\$ 30,223,668

Additional information on the City's long-term liabilities can be found in note 2 on pages 48 - 51 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 2025 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 2025 and it is the City's intention to continue the development and redevelopment within the boundaries of the TIF.
- During 2025, 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 2025, the City will continue with capital projects such as the purchase of capital equipment for Public Works, capital equipment for the Police Department, capital equipment for Recreation, pool decking, Lake Katherine decking and HVAC replacement, construction of the Lake Katherine parking lot, License and Permitting software for the Building Department, and renovations at the pool. The City will continue its Road Program in 2025 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, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 19,586,985	\$ 9,840,357	\$ 29,427,342	\$ 781,409
Receivables	9,813,250	1,850,960	11,664,210	2,062,631
Due from other governments	1,432,344	-	1,432,344	-
Other	943,460	-	943,460	-
Capital Assets Not Being Depreciated:				
Land	4,933,122	45,849	4,978,971	314,652
Construction in progress	2,335,292	31,691	2,366,983	-
Capital Assets, Net of Accumulated Depreciation:				
Land improvements	5,608,430	-	5,608,430	-
Buildings and improvements	10,739,701	1,100,728	11,840,429	2,688,089
Equipment	1,341,098	255,428	1,596,526	311,467
Library collection	-	-	-	336,136
Water distribution, storm and sanitary system	-	3,747,605	3,747,605	-
Infrastructure	4,237,129	-	4,237,129	-
Total Assets	\$ 60,970,811	\$ 16,872,618	\$ 77,843,429	\$ 6,494,384
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	\$ 2,223,313	\$ 153,998	\$ 2,377,311	\$ 145,582
Deferred outflows of resources related to other postemployment benefits	723,640	290,590	1,014,230	-
Total Deferred Outflows of Resources	\$ 2,946,953	\$ 444,588	\$ 3,391,541	\$ 145,582

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, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Accounts payable and other current liabilities	\$ 1,495,155	\$ 1,395,074	\$ 2,890,229	\$ 45,822
Unearned revenue	179,700	-	179,700	-
Deposits held	391,876	-	391,876	-
Noncurrent Liabilities:				
Due within one year	2,155,982	129,873	2,285,855	-
Due in more than one year	25,523,306	1,084,618	26,607,924	428,837
Total Liabilities	\$ 29,746,019	\$ 2,609,565	\$ 32,355,584	\$ 474,659
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	\$ 1,905,766	\$ 5,899	\$ 1,911,665	\$ 173
Deferred inflows of resources related to other postemployment benefits	461,862	138,189	600,051	-
Lease related	1,302,483	193,549	1,496,032	-
Property taxes levied for future period	8,115,870	-	8,115,870	2,062,631
Total Deferred Inflows of Resources	\$ 11,785,981	\$ 337,637	\$ 12,123,618	\$ 2,062,804
NET POSITION				
Net investment in capital assets	\$ 24,524,528	\$ 4,187,712	\$ 28,712,240	\$ 3,650,344
Restricted for:				
Capital projects	3,905,214	-	3,905,214	-
Community redevelopment	796,972	-	796,972	-
Road construction and maintenance	846,305	-	846,305	-
Law enforcement	643,604	-	643,604	-
Other purposes	533,210	-	533,210	18,136
Unrestricted	(8,864,069)	10,182,292	1,318,223	434,023
Total Net Position	\$ 22,385,764	\$ 14,370,004	\$ 36,755,768	\$ 4,102,503

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, 2024

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Functions/Programs:								
Primary Government:								
Governmental Activities:								
General government	\$ 3,766,117	\$ 1,608,252	\$ 11,500	\$ -	\$ (2,146,365)	\$ -	\$ (2,146,365)	\$ -
Police and emergency services	7,235,307	84,315	349,003	-	(6,801,989)	-	(6,801,989)	-
Public works	3,052,998	-	773,162	3,000	(2,276,836)	-	(2,276,836)	-
Recreation and culture	3,281,511	1,442,070	-	926,798	(912,643)	-	(912,643)	-
Interest expense	302,772	-	-	-	(302,772)	-	(302,772)	-
Total Governmental Activities	<u>\$ 17,638,705</u>	<u>\$ 3,134,637</u>	<u>\$ 1,133,665</u>	<u>\$ 929,798</u>	<u>\$ (12,440,605)</u>	<u>\$ -</u>	<u>\$ (12,440,605)</u>	<u>\$ -</u>
Business-Type Activities:								
Waterworks and sewerage	\$ 9,158,534	\$ 8,371,716	\$ -	\$ -	\$ -	\$ (786,818)	\$ (786,818)	\$ -
Parking lot	29,856	15,163	-	-	-	(14,693)	(14,693)	-
Total Business-Type Activities	<u>9,188,390</u>	<u>8,386,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(801,511)</u>	<u>(801,511)</u>	<u>-</u>
Total Primary Government	<u>\$ 26,827,095</u>	<u>\$ 11,521,516</u>	<u>\$ 1,133,665</u>	<u>\$ 929,798</u>	<u>\$ (12,440,605)</u>	<u>\$ (801,511)</u>	<u>\$ (13,242,116)</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>\$ (2,112,531)</u>
General Revenues:								
Taxes:								
Property					\$ 9,037,644	\$ -	\$ 9,037,644	\$ 1,949,540
Utility					982,697	-	982,697	-
Business district sales					572,576	-	572,576	-
Intergovernmental - unrestricted					5,101,284	-	5,101,284	24,913
Investment income					970,440	488,151	1,458,591	26,713
Other income					767,408	28,961	796,369	51,156
Total General Revenues					<u>17,432,049</u>	<u>517,112</u>	<u>17,949,161</u>	<u>2,052,322</u>
Changes in net position					4,991,444	(284,399)	4,707,045	(60,209)
Net position at beginning of year					17,394,320	14,654,403	32,048,723	4,162,712
Net position at end of year					<u>\$ 22,385,764</u>	<u>\$ 14,370,004</u>	<u>\$ 36,755,768</u>	<u>\$ 4,102,503</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, 2024 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

	General	Capital Projects	Total Nonmajor Funds	Total Governmental Funds	
				2024	2023
ASSETS					
Cash and cash equivalents	\$ 5,461,947	\$ 7,103,055	\$ 7,021,983	\$ 19,586,985	\$ 17,546,268
Receivables:					
Property taxes	6,830,470	-	1,287,341	8,117,811	7,923,368
Accounts	212,871	99,000	2,993	314,864	155,548
Leases	1,380,575	-	-	1,380,575	1,090,186
Due from other funds	116,330	-	188,939	305,269	288,151
Due from other governments	672,500	609,069	150,775	1,432,344	1,021,186
Other	943,460	-	-	943,460	828,314
Total Assets	<u>15,618,153</u>	<u>7,811,124</u>	<u>8,652,031</u>	<u>32,081,308</u>	<u>28,853,021</u>
LIABILITIES					
Accounts payable	273,053	666,140	42,724	981,917	623,623
Other payable	-	-	3,609	3,609	335,259
Accrued payroll	186,955	-	-	186,955	136,794
Unearned revenue	179,700	-	-	179,700	485,542
Deposits held	391,876	-	-	391,876	354,708
Due to other funds	75,000	70,299	159,970	305,269	288,151
Total Liabilities	<u>1,106,584</u>	<u>736,439</u>	<u>206,303</u>	<u>2,049,326</u>	<u>2,224,077</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes levied for future period	6,829,052	-	1,286,818	8,115,870	7,835,421
Lease related	1,302,483	-	-	1,302,483	1,048,176
Total Deferred Inflows of Resources	<u>8,131,535</u>	<u>-</u>	<u>1,286,818</u>	<u>9,418,353</u>	<u>8,883,597</u>
FUND BALANCES					
Restricted	-	-	6,725,305	6,725,305	4,922,404
Assigned	-	7,074,685	433,605	7,508,290	7,227,493
Unassigned	6,380,034	-	-	6,380,034	5,595,450
Total Fund Balances	<u>6,380,034</u>	<u>7,074,685</u>	<u>7,158,910</u>	<u>20,613,629</u>	<u>17,745,347</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 15,618,153</u>	<u>\$ 7,811,124</u>	<u>\$ 8,652,031</u>	<u>\$ 32,081,308</u>	<u>\$ 28,853,021</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, 2024

Fund balances - total governmental funds	\$	20,613,629
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.		29,194,772
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	\$	(3,835,000)
Unamortized issuance premium		(92,061)
Notes payable		(2,691,310)
Installment contract payable		(116,810)
Compensated absences payable		(1,800,900)
Net pension liabilities		(17,293,392)
Net other postemployment benefits liability		<u>(1,849,815)</u>
		(27,679,288)
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		2,946,953
Deferred inflows related to pensions and other postemployment benefits		<u>(2,367,628)</u>
		579,325
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>(322,674)</u>
Net Position of Governmental Activities	\$	<u><u>22,385,764</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 CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2024

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

	<u>General</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>2024</u>	<u>2023</u>
Revenues:					
Taxes:					
Property levies, net	\$ 6,477,873	\$ -	\$ 2,559,771	\$ 9,037,644	\$ 8,907,428
Utility	982,697	-	-	982,697	1,053,525
Business district sales	-	-	572,576	572,576	147,651
Intergovernmental	4,564,859	-	536,425	5,101,284	4,964,506
Charges for services	245,066	-	-	245,066	266,991
Fees by agreement	1,078,135	-	-	1,078,135	1,194,879
Fines, forfeitures, and penalties	159,566	-	349,003	508,569	325,065
Grants	11,500	1,289,970	-	1,301,470	80,234
Investment income	732,762	-	237,678	970,440	741,521
Licenses, permits, and inspections	883,902	-	-	883,902	489,800
Swimming pool admission	352,824	-	-	352,824	352,545
Vehicle tag income	159,648	-	-	159,648	147,245
Rental income	183,246	-	-	183,246	258,209
Other income	802,254	427,565	22,829	1,252,648	1,000,814
Total Revenues	16,634,332	1,717,535	4,278,282	22,630,149	19,930,413
Expenditures:					
Current:					
General government	1,911,356	-	708,299	2,619,655	2,465,091
Public safety	7,370,908	-	481,450	7,852,358	7,684,044
Public works	1,372,712	-	26,292	1,399,004	1,250,687
Recreational department	2,471,349	-	252,140	2,723,489	2,574,197
Roads and construction	715,408	-	-	715,408	694,918
Debt Service:					
Principal	34,033	-	369,979	404,012	736,406
Interest	2,969	-	143,119	146,088	352,537
Capital Outlay:					
General government	-	368,124	-	368,124	391,286
Public safety	74,825	-	-	74,825	42,582
Public works	24,300	-	-	24,300	22,027
Recreational department	44,364	2,760,858	-	2,805,222	527,148
Roads and construction	54,437	117,203	599,184	770,824	1,266,933
Total Expenditures	14,076,661	3,246,185	2,580,463	19,903,309	18,007,856

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, 2024

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

	<u>General</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>2024</u>	<u>2023</u>
Excess (deficiency) of revenues over expenditures	\$ 2,557,671	\$ (1,528,650)	\$ 1,697,819	\$ 2,726,840	\$ 1,922,557
Other Financing Sources (Uses):					
Installment contract	32,851	-	108,591	141,442	-
Transfers in	-	1,730,938	75,000	1,805,938	3,113,571
Transfers out	<u>(1,805,938)</u>	<u>-</u>	<u>-</u>	<u>(1,805,938)</u>	<u>(3,113,571)</u>
Total Other Financing Sources (Uses)	<u>(1,773,087)</u>	<u>1,730,938</u>	<u>183,591</u>	<u>141,442</u>	<u>-</u>
Net change in fund balances	784,584	202,288	1,881,410	2,868,282	1,922,557
Fund balances at beginning 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>
Fund balances at end of year	<u><u>\$ 6,380,034</u></u>	<u><u>\$ 7,074,685</u></u>	<u><u>\$ 7,158,910</u></u>	<u><u>\$ 20,613,629</u></u>	<u><u>\$ 17,745,347</u></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, 2024

Net change in fund balances - total governmental funds	\$	2,868,282
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 capitalized capital outlays (\$3,339,532) exceeded depreciation expense (\$1,340,046) in the current period.		1,999,486
The net effect of transactions involving dispositions of capital assets was to decrease net position.		(3,782)
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	\$	320,000
Amortization of issuance premium		16,617
Principal repayments of installment contract		84,012
Installment contract issued		<u>(141,442)</u>
		279,187
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.		286,840
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.		(92,053)
Compensated absences do not require the use of current financial resources. Therefore, the change in this liability is not reported in the governmental funds.		(173,215)
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 increase in the accrued interest balance results in an increase in interest expense reported in the statement of activities.		<u>(173,301)</u>
Change in Net Position of Governmental Activities	\$	<u><u>4,991,444</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, 2024

	Original and Final Budget	Actual	Variance With Final Budget
Revenues:			
Taxes:			
Property levies, net	\$ 6,236,086	\$ 6,477,873	\$ 241,787
Utility	1,075,000	982,697	(92,303)
Intergovernmental	4,481,000	4,564,859	83,859
Charges for services	276,500	245,066	(31,434)
Fees by agreement	1,052,500	1,078,135	25,635
Fines, forfeitures, and penalties	125,300	159,566	34,266
Grants	1,000	11,500	10,500
Investment income	150,000	732,762	582,762
Licenses, permits, and inspections	429,300	883,902	454,602
Swimming pool	336,500	352,824	16,324
Vehicle tag income	145,200	159,648	14,448
Rental income	225,568	183,246	(42,322)
Other income	603,500	802,254	198,754
Total Revenues	15,137,454	16,634,332	1,496,878
Expenditures:			
Current:			
Personnel	7,465,598	7,290,304	175,294
Retirement contributions	2,373,586	2,411,520	(37,934)
Hospital and medical insurance	1,251,923	1,100,529	151,394
Contractual	2,244,616	2,034,374	210,242
Commodities	695,069	607,925	87,144
Other	347,000	190,282	156,718
Legal department	121,600	121,183	417
Vehicle tag expense	85,000	85,616	(616)
Debt Service:			
Principal	22,000	34,033	(12,033)
Interest	-	2,969	(2,969)
Capital outlay	357,500	197,926	159,574
Total Expenditures	14,963,892	14,076,661	887,231
Excess of Revenues Over Expenditures	173,562	2,557,671	2,384,109
Other Financing Sources (Uses):			
Installment contract	-	32,851	32,851
Transfers out	(252,262)	(1,805,938)	(1,553,676)
Total Other Financing Sources (Uses)	(252,262)	(1,773,087)	(1,520,825)
Net change in fund balances	(78,700)	784,584	863,284
Fund balances at beginning of year	5,595,450	5,595,450	-
Fund balances at end of year	\$ 5,516,750	\$ 6,380,034	\$ 863,284

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, 2024 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

	Business-Type Activities - Enterprise Funds			
	Waterworks and Sewerage	Nonmajor Fund	Totals	
			2024	2023
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 9,742,262	\$ 98,095	\$ 9,840,357	\$ 10,222,645
Accounts Receivable - Water Customers:				
Billed	578,469	-	578,469	439,931
Unbilled	1,061,688	-	1,061,688	1,005,565
Current portion of leases receivable	22,002	-	22,002	20,282
Total Current Assets	<u>11,404,421</u>	<u>98,095</u>	<u>11,502,516</u>	<u>11,688,423</u>
Noncurrent Assets:				
Capital Assets:				
Land	45,849	-	45,849	45,849
Construction in progress	31,691	-	31,691	31,691
Building and improvements	3,651,418	-	3,651,418	3,578,933
Water distribution, storm, and sanitary system	10,678,302	-	10,678,302	9,674,204
Equipment	2,598,294	-	2,598,294	2,574,652
	<u>17,005,554</u>	<u>-</u>	<u>17,005,554</u>	<u>15,905,329</u>
Less accumulated depreciation	<u>(11,824,253)</u>	<u>-</u>	<u>(11,824,253)</u>	<u>(11,342,278)</u>
Net Capital Assets	5,181,301	-	5,181,301	4,563,051
Leases receivable, net of current portion	188,801	-	188,801	210,803
Total Noncurrent Assets	<u>5,370,102</u>	<u>-</u>	<u>5,370,102</u>	<u>4,773,854</u>
Total Assets	<u>16,774,523</u>	<u>98,095</u>	<u>16,872,618</u>	<u>16,462,277</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	153,998	-	153,998	312,175
Deferred outflows of resources related to other postemployment benefits	290,590	-	290,590	351,121
Total Deferred Outflows Of Resources	<u>444,588</u>	<u>-</u>	<u>444,588</u>	<u>663,296</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, 2024 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

	Business-Type Activities - Enterprise Funds			
	Waterworks and Sewerage	Nonmajor Fund	Totals	
			2024	2023
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 1,373,315	\$ 1,019	\$ 1,374,334	\$ 837,101
Accrued payroll	20,740	-	20,740	14,985
Current Portion of Long-Term Liabilities:				
Compensated absences	129,873	-	129,873	159,607
Total Current Liabilities	<u>1,523,928</u>	<u>1,019</u>	<u>1,524,947</u>	<u>1,011,693</u>
Long-Term Liabilities:				
Compensated absences	108,676	-	108,676	53,203
Net pension liability	445,962	-	445,962	493,805
Net other postemployment benefits liability	529,980	-	529,980	549,292
Total Long-Term Liabilities	<u>1,084,618</u>	<u>-</u>	<u>1,084,618</u>	<u>1,096,300</u>
Total Liabilities	<u>2,608,546</u>	<u>1,019</u>	<u>2,609,565</u>	<u>2,107,993</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	5,899	-	5,899	11,197
Deferred inflows of resources related to other postemployment benefits	138,189	-	138,189	128,759
Lease related	193,549	-	193,549	223,221
Total Deferred Inflows of Resources	<u>337,637</u>	<u>-</u>	<u>337,637</u>	<u>363,177</u>
NET POSITION				
Net investment in capital assets	4,187,712	-	4,187,712	4,563,051
Unrestricted	10,085,216	97,076	10,182,292	10,091,352
Total Net Position	<u>\$ 14,272,928</u>	<u>\$ 97,076</u>	<u>\$ 14,370,004</u>	<u>\$ 14,654,403</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, 2024

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

	Business-Type Activities - Enterprise Funds			
	Waterworks and Sewerage	Nonmajor Fund	Totals	
			2024	2023
Operating Revenues:				
Charges for services	\$ 8,329,281	\$ 15,163	\$ 8,344,444	\$ 8,191,437
Sales of water meters	7,570	-	7,570	1,500
Other	34,865	-	34,865	52,361
Total Operating Revenues	<u>8,371,716</u>	<u>15,163</u>	<u>8,386,879</u>	<u>8,245,298</u>
Operating Expenses:				
Personnel	1,651,151	-	1,651,151	1,425,932
Contractual	5,578,683	-	5,578,683	5,916,030
Commodities	832,475	29,856	862,331	736,757
Depreciation	481,975	-	481,975	491,840
Other	614,250	-	614,250	486,362
Total Operating Expenses	<u>9,158,534</u>	<u>29,856</u>	<u>9,188,390</u>	<u>9,056,921</u>
Operating Loss	<u>(786,818)</u>	<u>(14,693)</u>	<u>(801,511)</u>	<u>(811,623)</u>
Nonoperating Revenue:				
Investment income	488,151	-	488,151	456,638
Rental income	28,961	-	28,961	25,830
Total Nonoperating Revenue	<u>517,112</u>	<u>-</u>	<u>517,112</u>	<u>482,468</u>
Change in net position	(269,706)	(14,693)	(284,399)	(329,155)
Net position at beginning of year	14,542,634	111,769	14,654,403	14,983,558
Net position at end of year	<u>\$ 14,272,928</u>	<u>\$ 97,076</u>	<u>\$ 14,370,004</u>	<u>\$ 14,654,403</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, 2024

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

	Business-Type Activities - Enterprise Funds			
	Waterworks and Sewerage	Nonmajor Fund	Totals	
			2024	2023
Cash flows from operating activities:				
Receipts from customers and users	\$ 8,177,055	\$ 15,163	\$ 8,192,218	\$ 8,088,954
Payments to employees	(1,463,972)	-	(1,463,972)	(1,408,239)
Payments to suppliers	(6,487,407)	(30,624)	(6,518,031)	(6,978,470)
Net cash flows from operating activities	225,676	(15,461)	210,215	(297,755)
Cash flows from noncapital financing activities:				
Rental income	19,571	-	19,571	17,966
Cash flows from capital and related financing activities:				
Payments for purchases of capital assets	(1,100,225)	-	(1,100,225)	(127,043)
Cash flows from investing activities:				
Investment income received	488,151	-	488,151	456,638
Net change in cash and cash equivalents	(366,827)	(15,461)	(382,288)	49,806
Cash and cash equivalents at beginning of year	10,109,089	113,556	10,222,645	10,172,839
Cash and cash equivalents at end of year	<u>\$ 9,742,262</u>	<u>\$ 98,095</u>	<u>\$ 9,840,357</u>	<u>\$ 10,222,645</u>
Reconciliation of operating loss to net cash flows from operating activities:				
Operating loss	\$ (786,818)	\$ (14,693)	\$ (801,511)	\$ (811,623)
Adjustments to reconcile operating loss to net cash flows from operating activities:				
Depreciation	481,975	-	481,975	491,840
(Increase) decrease in:				
Accounts receivable	(194,661)	-	(194,661)	(156,344)
Deferred outflows of resources related to pensions	158,177	-	158,177	161,150
Deferred outflows of resources related to other postemployment benefits	60,531	-	60,531	(58,467)
Increase (decrease) in:				
Accounts payable	538,001	(768)	537,233	160,679
Accrued payroll	5,755	-	5,755	(10,677)
Compensated absences	25,739	-	25,739	14,601
Net pension liability	(47,843)	-	(47,843)	(193,561)
Net other postemployment benefits liability	(19,312)	-	(19,312)	117,713
Deferred inflows of resources related to pensions	(5,298)	-	(5,298)	(1,988)
Deferred inflows of resources related to other postemployment benefits	9,430	-	9,430	(11,078)
Net cash flows from operating activities	<u>\$ 225,676</u>	<u>\$ (15,461)</u>	<u>\$ 210,215</u>	<u>\$ (297,755)</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, 2024 (WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2023)*

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 9,951	\$ 8,706
Accrued interest receivable	-	67,398
Prepaid expenses	5,511	5,427
Investments:		
Illinois Police Officers Pension Investment Fund Consolidated Pool	35,880,811	-
Certificates of deposit	-	538,232
Debt Issues:		
Corporate	-	1,931,897
Municipal	-	1,830,652
GNMA	-	25,183
Mutual Funds:		
Equities	-	19,771,830
Mutual money market funds	1,314,453	688,712
U.S. government agency obligations	-	6,548,094
U.S. Treasury notes	-	1,338,542
Total Assets	<u>37,210,726</u>	<u>32,754,673</u>
LIABILITIES		
Accounts payable	<u>1,070</u>	<u>20,710</u>
NET POSITION		
Restricted for pension benefits	<u>\$ 37,209,656</u>	<u>\$ 32,733,963</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, 2024
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
Additions:		
Contributions:		
Employees	\$ 329,279	\$ 324,777
Employer	2,411,520	2,334,046
Other	65,332	273,807
Total Contributions	<u>2,806,131</u>	<u>2,932,630</u>
Investment income	4,176,553	4,387,499
Less investment expense	<u>(63,046)</u>	<u>(67,371)</u>
Net investment income	<u>4,113,507</u>	<u>4,320,128</u>
Total Additions	<u>6,919,638</u>	<u>7,252,758</u>
Deductions:		
Benefit payments	2,387,928	2,160,785
Refunds of contributions	5,301	-
Administrative expenses	<u>50,716</u>	<u>53,974</u>
Total Deductions	<u>2,443,945</u>	<u>2,214,759</u>
Change in net position	4,475,693	5,037,999
Net position at beginning of year	<u>32,733,963</u>	<u>27,695,964</u>
Net position at end of year	<u>\$ 37,209,656</u>	<u>\$ 32,733,963</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, 2024

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 (the “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 (the “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, 2024

Note 1—Summary of significant accounting policies (continued)

As discussed earlier, the City has one discretely presented component unit. While the 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 Business District Fund, the Harlem Avenue 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, 2024

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 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 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 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, 2024

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, 2024 was adopted through the passage of an ordinance on December 5, 2023.

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, 2024

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 not amended during the year ended December 31, 2024.

The budget as adopted for each fund is as follows:

General subfunds:

Corporate	\$ 14,714,892
Beautification Committee	64,000
Vehicle License	185,000

Special revenue funds:

Seizure and Forfeiture	575,200
Motor Fuel Tax	983,000
Social Security	355,000
IMRF	270,000
Special Recreation	373,000
Police DUI Fine	25,000
Business District	235,000
Harlem Avenue Business District	490,000
PEG Capital	25,000

Capital projects funds:

Capital Projects	3,948,000
127th and Harlem Tax Increment	410,000
Gateway Tax Increment	2,026,000

Debt service fund:

Bond and Interest	463,138
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Enterprise funds:

Waterworks and Sewerage	11,455,561
Metra Station Parking	35,200

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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.

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:

Buildings and improvements	25 to 50 years
Equipment	2 to 20 years
Infrastructure	50 years
Land improvements	10 to 20 years
Library collection	5 years
Water distribution, storm and sanitary system	15 to 50 years

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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 leases* (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, 2024

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, 2024

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 – It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. Vacation leave must be taken by end of the following calendar year. Sick leave is earned monthly by eligible employees. 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. The liability for those amounts is recorded in the government-wide and proprietary fund financial statements if the leave is attributable to services already rendered and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. A liability for these amounts is reported in governmental funds only if they have matured as a result of employee resignations and retirements.

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.

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

Note 2—Detailed notes on all activities and funds

Adoption of New Accounting Standard – Effective January 1, 2024, the City adopted the provisions of GASB 101, *Compensated Absences*. Under the new guidance, the recognition of a liability for compensated absences is required if the leave is attributable to services rendered, the leave accumulates, and it is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Implementation of this guidance resulted in no changes in the reporting of the City’s financial activities.

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, 2024 was comprised of the following:

	Government Wide	Fiduciary
Cash on hand	\$ 1,000	\$ -
Deposits with financial institutions	17,068,745	9,951
The Illinois Funds	12,357,597	-
	<u>\$ 29,427,342</u>	<u>\$ 9,951</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, 2024, \$16,925,279 of the City’s bank balances of \$17,723,206 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 – The Pension Trust Fund retains all of its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the plan. The excess of available cash is required to be transferred to the Illinois Police Officers Pension Investment Fund (“IPOPPIF”) for purposes of the long-term investment for the Pension Trust Fund. At December 31, 2024, 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, 2024

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

Investments

Pension Trust Fund – As of December 31, 2024, the Pension Trust Fund had the following investments:

Type of Investment	Fair Value	Average Credit Quality Ratings ⁽¹⁾	Weighted Average Years to Maturity ⁽²⁾
IPOPIF Consolidated Pool	\$ 35,880,811	N/A	N/A
Mutual money market funds	1,314,453	N/A	N/A
Total investments	\$ 37,195,264		

(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.

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.

IPOPIF is authorized to invest in all investments allowed by Illinois Compiled Statutes (“ILCS”). The IPOPIF shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 3 of the Illinois Pension Code.

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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

IPOPIF is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate police pension funds. IPOPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IPOPIF by Illinois suburban and downstate police pension funds is mandatory. Investments of the Fund are combined in a commingled external investment pool and held by IPOPIF. A schedule of investment expenses is included in IPOPIF’s annual comprehensive financial report. For additional information on IPOPIF’s investments, please refer to their annual comprehensive financial report, which can be obtained from IPOPIF at 456 Fulton Street, Suite 402 Peoria, Illinois 61602 or at www.ipopif.org.

At December 31, 2024, the Pension Trust Fund was in the process of transferring the excess of available cash and investments to IPOPIF.

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, 2024:

Mutual Money Market Funds – 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.

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

The following table summarizes the investments of the Pension Trust Fund for which fair values are determined on a recurring basis as of December 31, 2024:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments at fair value:				
Mutual money market funds	\$ 1,314,453	<u>\$ -</u>	<u>\$ 1,314,453</u>	<u>\$ -</u>
Investments measured at NAV:				
IPOPIF	<u>35,880,811</u>			
Total investments	<u>\$ 37,195,264</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, 2024 was \$300,009. As of December 31, 2024, the City’s receivable for lease payments was \$1,591,378. 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, 2024, the balance of the deferred inflow of resources was \$1,496,032.

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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

Capital Assets – Capital asset activity for the year ended December 31, 2024 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	566,909	2,520,044	(751,661)	2,335,292
Total capital assets not being depreciated	<u>5,500,031</u>	<u>2,520,044</u>	<u>(751,661)</u>	<u>7,268,414</u>
Capital assets being depreciated:				
Land improvements	8,485,727	-	732,660	9,218,387
Buildings and improvements	19,996,768	-	-	19,996,768
Equipment	4,806,751	819,488	(125,916)	5,500,323
Infrastructure	20,028,105	-	-	20,028,105
Total capital assets being depreciated	<u>53,317,351</u>	<u>819,488</u>	<u>606,744</u>	<u>54,743,583</u>
Less accumulated depreciation for:				
Land improvements	(3,376,273)	(233,684)	-	(3,609,957)
Buildings and improvements	(8,788,855)	(468,212)	-	(9,257,067)
Equipment	(3,930,036)	(370,324)	141,135	(4,159,225)
Infrastructure	(15,523,150)	(267,826)	-	(15,790,976)
Total accumulated depreciation	<u>(31,618,314)</u>	<u>(1,340,046)</u>	<u>141,135</u>	<u>(32,817,225)</u>
Total capital assets being depreciated, net	<u>21,699,037</u>	<u>(520,558)</u>	<u>747,879</u>	<u>21,926,358</u>
Governmental activities capital assets, net	<u>\$ 27,199,068</u>	<u>\$ 1,999,486</u>	<u>\$ (3,782)</u>	<u>\$ 29,194,772</u>

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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	31,691	-	-	31,691
Total capital assets, not being depreciated	<u>77,540</u>	<u>-</u>	<u>-</u>	<u>77,540</u>
Capital assets being depreciated:				
Buildings and improvements	3,578,933	72,485	-	3,651,418
Equipment	2,574,652	23,642	-	2,598,294
Water distribution, storm, and sanitary system	9,674,204	1,004,098	-	10,678,302
Total capital assets being depreciated	<u>15,827,789</u>	<u>1,100,225</u>	<u>-</u>	<u>16,928,014</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,479,974)	(70,716)	-	(2,550,690)
Equipment	(2,114,701)	(228,165)	-	(2,342,866)
Water distribution, storm and sanitary system	(6,747,603)	(183,094)	-	(6,930,697)
Total accumulated depreciation	<u>(11,342,278)</u>	<u>(481,975)</u>	<u>-</u>	<u>(11,824,253)</u>
Total capital assets being depreciated, net	<u>4,485,511</u>	<u>618,250</u>	<u>-</u>	<u>5,103,761</u>
Business-type activities capital assets, net	<u>\$ 4,563,051</u>	<u>\$ 618,250</u>	<u>\$ -</u>	<u>\$ 5,181,301</u>
	<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	-	-	-	-
Total capital assets not being depreciated	<u>314,652</u>	<u>-</u>	<u>-</u>	<u>314,652</u>
Capital assets being depreciated:				
Buildings and improvements	5,480,099	107,382	-	5,587,481
Equipment	802,868	-	-	802,868
Library collection	517,875	131,226	(129,820)	519,281
Total capital assets being depreciated	<u>6,800,842</u>	<u>238,608</u>	<u>(129,820)</u>	<u>6,909,630</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,765,187)	(134,205)	-	(2,899,392)
Furniture and equipment	(449,263)	(42,138)	-	(491,401)
Library collection	(209,390)	(103,575)	129,820	(183,145)
Total accumulated depreciation	<u>(3,423,840)</u>	<u>(279,918)</u>	<u>129,820</u>	<u>(3,573,938)</u>
Total capital assets being depreciated, net	<u>3,377,002</u>	<u>(41,310)</u>	<u>-</u>	<u>3,335,692</u>
Palos Heights Public Library capital assets, net	<u>\$ 3,691,654</u>	<u>\$ (41,310)</u>	<u>\$ -</u>	<u>\$ 3,650,344</u>

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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

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	569,390
Total depreciation expense - governmental activities	<u>\$ 1,340,046</u>

Business-type activities:

Waterworks and sewerage	<u>\$ 481,975</u>
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Component unit:

Palos Heights Public Library:

Recreation and culture	<u>\$ 279,918</u>
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Interfund Receivables, Payables and Transfers – The composition of interfund balances at December 31, 2024 is as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 116,330	\$ 75,000
Capital Projects Fund	-	70,299
Nonmajor governmental funds:		
Seizure and Forfeiture Fund	-	35,719
Motor Fuel Tax Fund	-	10,312
Social Security Fund	-	78,547
IMRF Fund	78,547	-
Business District Fund	110,392	-
127 th and Harlem Tax Increment Fund	-	35,392
	<u>\$ 305,269</u>	<u>\$ 305,269</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.

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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

Interfund transfers during the year ended December 31, 2024 were as follows:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 1,730,938
General Fund	Nonmajor governmental fund:	
	Business District Fund	75,000
		<u>\$ 1,805,938</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 and Business District Fund during the year ended December 31, 2024.

Long-Term Liabilities – Long-term liability activity for the year ended December 31, 2024 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	\$ 4,155,000	\$ -	\$ (320,000)	\$ 3,835,000	\$ 330,000
Unamortized issuance premium	108,678	-	(16,617)	92,061	15,498
Notes payable	2,691,310	-	-	2,691,310	976,849
Installment contract payable	59,380	141,442	(84,012)	116,810	37,148
Compensated absences payable	1,627,685	173,215	-	1,800,900	796,487
Net pension liabilities:					
Police Pension	16,740,581	1,743,610	(2,792,192)	15,691,999	-
Illinois Municipal Retirement	1,760,642	662,185	(821,434)	1,601,393	-
Other postemployment benefits liability	1,824,485	197,205	(171,875)	1,849,815	-
Governmental activity long-term liabilities	<u>\$ 28,967,761</u>	<u>\$ 2,917,657</u>	<u>\$ (4,206,130)</u>	<u>\$ 27,679,288</u>	<u>\$ 2,155,982</u>
Business-type activities:					
Compensated absences payable	212,810	25,739	-	238,549	129,873
Net pension liability:					
Illinois Municipal Retirement	493,805	181,186	(229,029)	445,962	-
Other postemployment benefits liability	549,292	49,301	(68,613)	529,980	-
Business-type activity long-term liabilities	<u>\$ 1,255,907</u>	<u>\$ 256,226</u>	<u>\$ (297,642)</u>	<u>\$ 1,214,491</u>	<u>\$ 129,873</u>
Component unit:					
Palos Heights Public Library:					
Net pension liability:					
Illinois Municipal Retirement	<u>\$ 476,778</u>	<u>\$ 174,986</u>	<u>\$ (222,927)</u>	<u>\$ 428,837</u>	<u>\$ -</u>

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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

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 contracts will be paid from the General Fund and 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.

The net change in the liability for compensated absences reflects the liability for used but unpaid leave and the liability for unused leave that is more likely than not to be used or paid.

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>
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
	<u>\$ 3,835,000</u>	<u>\$ 790,255</u>	<u>\$ 4,625,255</u>

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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, 2024, 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
2025	\$ 558,064	\$ 321,100	\$ 97,685	\$ 976,849	\$ 275,260	\$ 7,100	\$ 31,374	\$ 313,734
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
	<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 Payables

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
2025	\$ 19,985	\$ 2,017	\$ 22,002
2026	20,362	1,018	21,380
Total	<u>\$ 40,347</u>	<u>\$ 3,035</u>	<u>\$ 43,382</u>

The City entered into an installment contract for fleet cameras during the year ended December 31, 2024. Payments under the contract, including interest at 7.00%, are due as follows:

Year	Principal	Interest	Total
2025	\$ 17,163	\$ 5,528	\$ 22,691
2026	18,404	4,287	22,691
2027	19,735	2,956	22,691
2028	21,161	1,530	22,691
	<u>\$ 76,463</u>	<u>\$ 14,301</u>	<u>\$ 90,764</u>

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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

Legal Debt Margin – The legal debt margin of the City as of December 31, 2024 is calculated as follows:

Assessed valuation - 2023 tax year (most current valuation available)	<u>\$ 550,106,537</u>
Statutory debt limitation (8.625% of assessed valuation)	<u>\$ 47,446,689</u>
Debt applicable to limit:	
Primary government:	
City of Palos Heights, Illinois:	
Governmental activities:	
General obligation bonds outstanding	3,927,061
Installment contracts payable	<u>116,810</u>
Total debt applicable to limit	<u>4,043,871</u>
Legal debt margin	<u>\$ 43,402,818</u>

Fund Balances – As of December 31, 2024, 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	\$ -	\$ -	\$ 3,905,214	\$ 3,905,214
Community redevelopment	-	-	796,972	796,972
Debt service	-	-	103,018	103,018
Law enforcement	-	-	643,604	643,604
PEG Capital	-	-	3,317	3,317
Road construction and maintenance	-	-	846,305	846,305
Social Security and IMRF	-	-	415,384	415,384
Special recreation programs	-	-	11,491	11,491
Total restricted	<u>-</u>	<u>-</u>	<u>6,725,305</u>	<u>6,725,305</u>
Assigned:				
Capital projects	-	7,074,685	-	7,074,685
Community redevelopment	-	-	204,095	204,095
Law enforcement	-	-	15,865	15,865
Social Security and IMRF	-	-	61,278	61,278
Special recreation programs	-	-	152,367	152,367
Total assigned	<u>-</u>	<u>7,074,685</u>	<u>433,605</u>	<u>7,508,290</u>
Unassigned	<u>6,380,034</u>	<u>-</u>	<u>-</u>	<u>6,380,034</u>
Total fund balances	<u>\$ 6,380,034</u>	<u>\$ 7,074,685</u>	<u>\$ 7,158,910</u>	<u>\$ 20,613,629</u>

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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, 2024.

Police Pension Plan

Description of Plan – The Police Pension Plan is a single-employer defined benefit pension plan that is administered by the Police Pension Fund’s Board of Trustees. The Police Pension Fund’s Board of Trustees consists of 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 40 ILCS 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, Illinois 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, 2024

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

Employees Covered by Benefit Terms – At December 31, 2024, the Police Pension Plan’s membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	24
Inactive employees entitled to but not receiving benefits	7
Active employees	29
	60
	60

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, 2024, the City’s contribution was 71.27% 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, 2024

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, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024 using the following actuarial assumptions. The total pension liability was rolled forward by the actuary using updating procedures to December 31, 2024.

Actuarial cost method – Entry age

Inflation – 2.50%

Salary increases – 3.75% - 12.56%, per year

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

20 year tax-exempt general obligation bond rate – 4.08%

Mortality rates for active employees follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. Mortality improvement uses MP-2021 Improvement Rates applied on a fully generational basis. Mortality rates for retirees were based on the L&A Assumptions Study for Police 2024. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2021 using MP-2021 Improvement Rates. These rates are then improved fully generationally using MP-2021 Improvement Rates. Mortality rates for disabled employees were based on the PubS-2010 Study for disabled participants. Mortality improvement uses MP-2021 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.

The pooled investments consist of the investments as noted in the target allocation table available at www.ipopif.org. Investments in IPOPIF are valued at IPOPIF’s share price, which is the price the investment could be sold. The long-term expected rate of return on the IPOPIF’s investments was determined using an asset allocation study conducted by the IPOPIF’s investment management consultant in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class Regular redemptions of the same amount on a particular day of the month may be arranged with IPOPIF.

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, 2024

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 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, 2024 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2023	\$ 49,474,544	\$ 32,733,963	\$ 16,740,581
Changes for the year:			
Service cost	751,299	-	751,299
Interest on the total pension liability	3,317,259	-	3,317,259
Changes in benefit terms	310,356	-	310,356
Changes of assumptions	542,111	-	542,111
Differences between expected and actuarial experience	899,315	-	899,315
Net investment income	-	4,113,507	(4,113,507)
Contributions - employees	-	2,411,520	(2,411,520)
Contributions - employer	-	329,279	(329,279)
Contributions - other	-	65,332	(65,332)
Benefit payments, including refunds of employee contributions	(2,393,229)	(2,393,229)	-
Administrative expense	-	(50,716)	50,716
Net changes	3,427,111	4,475,693	(1,048,582)
Balances at December 31, 2024	\$ 52,901,655	\$ 37,209,656	\$ 15,691,999

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 (5.75%)	Current Discount Rate (6.75%)	1% Higher (7.75%)
	City’s net pension liability	\$ 23,168,665	\$ 15,691,999

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, 2024

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, 2024, the City recognized pension expense of \$1,743,610. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,018,547	\$ 1,718,614
Changes of assumptions	655,151	7,037
Net difference between projected and actual earnings on Plan investments	-	176,612
	<u>\$ 1,673,698</u>	<u>\$ 1,902,263</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:

2025	\$ 318,803
2026	601,876
2027	(963,746)
2028	(383,023)
2029	70,477
Thereafter	127,048
	<u>\$ (228,565)</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, 2024

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 1⅔% 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 1⅔% 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, 2024, 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	61
Active plan members	59
	204
	204

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 2024 was 9.33%. For the year ended December 31, 2024, the City contributed \$422,880 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, 2024 are reported in the financial statements as follows:

Governmental activities	\$ 273,493
Business-type activities	76,151
Component unit	73,236
Total contributions	\$ 422,880

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

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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 as of December 31, 2024:

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

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2024:

Asset Class	Portfolio Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	34.00%	4.35%
International equity	18.00%	5.40%
Fixed income	25.00%	5.20%
Real estate	11.00%	6.40%
Alternative investments	11.00%	4.85-6.25%
Cash equivalents	1.00%	3.80%
	100%	

Single Discount Rate – A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2024. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members’ contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the 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, 2024

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, 2024 were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at December 31, 2023	\$ 22,813,344	\$ 20,558,897	\$ 2,254,447
Changes for the year:			
Service cost	320,245	-	320,245
Interest on the total pension liability	1,626,521	-	1,626,521
Differences between expected and actual experience	159,258	-	159,258
Changes of assumptions	-	-	-
Net investment income	-	2,057,769	(2,057,769)
Contributions - employees	-	168,207	(168,207)
Contributions - employer	-	349,644	(349,644)
Benefit payments, including refunds of employee contributions	(1,249,322)	(1,249,322)	-
Other changes	-	(262,504)	262,504
Net changes	<u>856,702</u>	<u>1,063,794</u>	<u>(207,092)</u>
Balances at December 31, 2024	<u>\$ 23,670,046</u>	<u>\$ 21,622,691</u>	<u>\$ 2,047,355</u>

The net pension liability as of December 31, 2024 is reported on the financial statements as follows:

Governmental activities	\$ 1,601,393
Business-type activities	<u>445,962</u>
Total net pension liability - Primary government	<u>\$ 2,047,355</u>

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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, 2024 were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at December 31, 2023	\$ 4,819,489	\$ 4,342,711	\$ 476,778
Changes for the year:			
Service cost	67,078	-	67,078
Interest on the total pension liability	336,126	-	336,126
Differences between expected and actual experience	33,358	-	33,358
Changes of assumptions	-	-	-
Net investment income	-	431,018	(431,018)
Contributions - employees	-	35,233	(35,233)
Contributions - employer	-	73,236	(73,236)
Benefit payments, including refunds of employee contributions	(261,681)	(261,681)	-
Other changes	-	(54,984)	54,984
Net changes	174,881	222,822	(47,941)
Balances at December 31, 2024	\$ 4,994,370	\$ 4,565,533	\$ 428,837

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 (7.25%)	(8.25%)
Primary government:			
Governmental activities	\$ 3,865,955	\$ 1,601,393	\$ (193,720)
Business-type activities	1,076,606	445,962	(53,948)
Component unit:			
Palos Heights Public Library	1,035,263	428,837	(51,876)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2024, the City recognized pension expense of \$1,018,357. Pension expense for the year ended December 31, 2024 is reported in the financial statements as follows:

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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

Governmental activities	\$ 662,185
Business-type activities	181,186
Component unit	<u>174,986</u>
Total pension expense	<u><u>\$ 1,018,357</u></u>

At December 31, 2024, 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	\$ 221,055	\$ -
Changes of assumptions	-	826
Net difference between projected and actual earnings on Plan investments	476,250	-
Changes in proportionate share	<u>6,308</u>	<u>8,576</u>
	<u>703,613</u>	<u>9,402</u>
Governmental activities	\$ 549,615	\$ 3,503
Business-type activities	<u>153,998</u>	<u>5,899</u>
	<u><u>\$ 703,613</u></u>	<u><u>\$ 9,402</u></u>
Component unit:		
Differences between expected and actual experience	\$ 46,302	\$ -
Changes of assumptions	-	173
Net difference between projected and actual earnings on Plan investments	97,012	-
Changes in proportionate share	<u>2,268</u>	<u>-</u>
	<u><u>\$ 145,582</u></u>	<u><u>\$ 173</u></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>
2025	\$ 385,021	\$ 80,646
2026	700,999	146,831
2027	(271,590)	(56,887)
2028	<u>(120,219)</u>	<u>(25,181)</u>
	<u><u>\$ 694,211</u></u>	<u><u>\$ 145,409</u></u>

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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 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	\$ 1,673,698	\$ 703,613	\$ 2,377,311
Net pension liability	15,691,999	2,047,355	17,739,354
Deferred inflows of resources	1,902,263	9,402	1,911,665
Pension expense	1,743,610	843,371	2,586,981
Pension expenditures	2,411,520	349,644	2,761,164

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, 2024, 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
	<u>81</u>

Total OPEB Liability – The City’s total OPEB liability of \$2,379,795 was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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

Actuarial Assumption and Other Inputs – The total OPEB liability in the December 31, 2024 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 4.28% 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, 2024 were as follows:

	Total OPEB Liability
Balance at December 31, 2023	\$ 2,373,777
Changes for the year:	
Service cost	77,386
Interest expense	92,875
Changes of assumptions or other inputs	(60,440)
Benefit payments	(103,803)
Net changes	6,018
Balance at December 31, 2024	\$ 2,379,795

The change in assumptions amount of \$60,440 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, 2024 is reported in the financial statements as follows:

Governmental activities	\$ 1,849,815
Business-type activities	529,980
Total OPEB liability	\$ 2,379,795

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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 (3.28%)	Current Discount Rate (4.28%)	1% Higher (5.28%)
Total OPEB liability	\$ 2,601,979	\$ 2,379,795	\$ 2,180,178

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 (Various)	Current Healthcare Cost Trend Rates (Various)	1% Higher (Various)
Total OPEB liability	\$ 2,142,352	\$ 2,379,795	\$ 2,654,273

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2024, the City recognized OPEB expense of \$246,506. OPEB expense for the year ended December 31, 2024 is reported in the financial statements as follows:

Governmental activities	\$ 197,205
Business-type activities	49,301
Total OPEB expense	<u>\$ 246,506</u>

At December 31, 2024, 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	\$ 37,813	\$ 35,668
Changes in assumptions and other inputs	851,500	439,466
Change in proportionate share	124,917	124,917
	<u>\$ 1,014,230</u>	<u>\$ 600,051</u>

CITY OF PALOS HEIGHTS, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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

Deferred Amounts Related to OPEB	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental activities	\$ 723,640	\$ 461,862
Business-type activities	290,590	138,189
	\$ 1,014,230	\$ 600,051

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:

2025	\$ 76,245
2026	76,245
2027	76,245
2028	76,067
2029	32,952
Thereafter	76,425
	\$ 414,179

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.

Subsequent Events – Management has evaluated subsequent events through December 30, 2025, which is the date the financial statements were available to be issued.

Subsequent to December 31, 2024, the City issued revenue bonds to provide financial assistance to an Illinois not-for-profit corporation that owns and operates a private Christian university in Palos Heights, Illinois. The corporation has agreed to make all required payments. Therefore, the City is not obligated in any manner for repayment of the bonds. The total amount of bonds issued was \$20,000,000.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service cost	\$ 751,299	\$ 711,383	\$ 669,897	\$ 666,622	\$ 678,898	\$ 627,309	\$ 579,804	\$ 602,360	\$ 564,272	\$ 401,819
Interest on the total pension liability	3,317,259	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
Changes in benefit terms	310,356	(27,419)	(29,017)	-	-	277,862	-	-	-	-
Differences between expected and actual experience	899,315	(1,541,600)	100,420	(969,331)	616,576	(998,257)	423,492	127,223	174,661	(477,761)
Changes of assumptions	542,111	-	-	-	(23,717)	799,862	-	-	3,159,527	1,306,292
Benefit payments, including refunds of employee contributions	(2,393,229)	(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)
Net Change in Total Pension Liability	3,427,111	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
Total pension liability at beginning of year	49,474,544	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
Total Pension Liability at End of Year	\$ 52,901,655	\$ 49,474,544	\$ 49,339,451	\$ 47,633,276	\$ 47,030,128	\$ 44,624,831	\$ 42,854,587	\$ 40,880,864	\$ 39,302,296	\$ 34,726,007
Plan Fiduciary Net Position:										
Contributions - employees	\$ 2,411,520	\$ 324,777	\$ 312,089	\$ 297,453	\$ 304,570	\$ 281,434	\$ 268,587	\$ 331,562	\$ 257,628	\$ 249,211
Contributions - employer	329,279	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
Other	65,332	273,807	60,913	-	-	-	-	-	-	-
Net investment income (loss)	4,113,507	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
Benefit payments, including refunds of employee contributions	(2,393,229)	(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)
Administrative expense	(50,716)	(53,974)	(57,041)	(55,472)	(49,118)	(51,991)	(29,102)	(35,837)	(29,905)	(32,040)
Net Change in Plan Fiduciary Net Position	4,475,693	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
Plan fiduciary net position at beginning of year	32,733,963	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
Plan Fiduciary Net Position at End of Year	\$ 37,209,656	\$ 32,733,963	\$ 27,695,964	\$ 32,660,016	\$ 28,793,084	\$ 24,516,794	\$ 20,076,157	\$ 20,732,076	\$ 18,241,091	\$ 17,080,767
Employer's Net Pension Liability at End of Year	\$ 15,691,999	\$ 16,740,581	\$ 21,643,487	\$ 14,973,260	\$ 18,237,044	\$ 20,108,037	\$ 22,778,430	\$ 20,148,788	\$ 21,061,205	\$ 17,645,240
Plan fiduciary net position as a percentage of the total pension liability	70.34%	66.16%	56.13%	68.57%	61.22%	54.94%	46.85%	50.71%	46.41%	49.19%
Covered payroll	\$ 3,383,761	\$ 3,277,251	\$ 3,037,753	\$ 2,990,339	\$ 2,963,009	\$ 2,808,438	\$ 2,622,430	\$ 2,639,396	\$ 2,556,316	\$ 2,528,512
Employer's net pension liability as a percentage of covered payroll	463.74%	510.81%	712.48%	500.72%	615.49%	715.99%	868.60%	763.39%	823.89%	697.85%

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

Changes of Assumptions – The change of assumptions amounts of \$542,111 in 2024, \$3,159,527 in 2016, and \$1,306,292 in 2015 were primarily the result of changes in demographic assumptions based on studies of police pension funds in Illinois. 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.

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

LAST TEN CALENDAR YEARS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 2,373,586	\$ 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
Contributions in relation to the actuarially determined contribution	2,411,520	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
Contribution (Deficiency) Excess	\$ (37,934)	\$ 7,220	\$ (20,028)	\$ (548)	\$ 1,072	\$ (11,050)	\$ 664	\$ 51,130	\$ (70,322)	\$ (17,641)
Covered payroll	\$ 3,383,761	\$ 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
Contributions as a percentage of covered payroll	71.27%	71.22%	79.46%	76.83%	69.90%	74.10%	68.32%	58.11%	56.00%	98.69%

Notes to Schedule of Employer Contributions:

Valuation Date Actuarially determined contribution rates are calculated as of January 1, 2024.

Methods and Assumptions used to Determine Contribution Rates.

Actuarial cost method	Entry age
Amortization method	Level percentage of pay (closed)
Remaining amortization period	11.75 years
Asset valuation method	5-year smoothed fair value
Inflation	2.25%
Salary increases	3.5% to 12.31%
Investment rate of return	6.75%, net of administrative expenses.

SCHEDULE OF INVESTMENT RETURNS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	11.66%	15.53%	-16.81%	11.91%	15.26%	19.03%	-4.48%	13.05%	6.46%	1.27%

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:										
Service cost	\$ 387,323	\$ 387,977	\$ 366,518	\$ 383,322	\$ 402,293	\$ 383,302	\$ 347,009	\$ 351,233	\$ 359,540	\$ 357,665
Interest on the total pension liability	1,962,647	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	192,616	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	(1,511,003)	(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	1,031,583	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	27,632,833	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>\$ 28,664,416</u>	<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	\$ 422,880	\$ 222,926	\$ 186,014	\$ 182,588	\$ 204,969	\$ 176,558	\$ 168,553	\$ 194,876	\$ 152,361	\$ 148,433
Contributions - employer	203,440	395,198	441,475	428,488	502,190	377,863	442,134	431,181	430,424	432,689
Net investment income (loss)	2,488,787	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	(1,511,003)	(1,478,519)	(1,442,132)	(1,348,711)	(1,238,883)	(992,960)	(892,596)	(865,831)	(805,145)	(776,400)
Other changes	(317,488)	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	1,286,616	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	24,901,608	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>\$ 26,188,224</u>	<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>\$ 2,476,192</u>	<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	91.36%	90.12%	85.40%	106.18%	97.33%	94.24%	83.50%	96.11%	85.96%	83.59%
Covered payroll	<u>\$ 4,532,480</u>	<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>54.63%</u>	<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>

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

LAST TEN CALENDAR YEARS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 422,880	\$ 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	422,880	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	\$ 4,532,480	\$ 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	9.33%	9.09%	10.68%	10.56%	12.15%	9.63%	11.93%	12.26%	12.85%	13.13%

Note to Schedule:

Summary of Actuarial methods and assumptions used in the calculation of the 2024 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

Methods and Assumptions Used to Determine the 2024 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, 2022 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>2024</u>	<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	\$ 77,386	\$ 78,649	\$ 75,352	\$ 76,075	\$ 70,914	\$ 51,899	\$ 63,880	\$ 61,434
Interest expense	92,875	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	(60,440)	453,093	(388,916)	69,757	256,936	57,041	(1,421)	38,747
Benefit payments	(103,803)	(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	6,018	512,721	(350,645)	148,982	294,797	92,989	31,200	354,923
Total OPEB liability at beginning of year	2,373,777	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>\$ 2,379,795</u>	<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>\$ 7,213,686</u>	<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>32.99%</u>	<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, 2024

	<u>Corporate</u>	<u>Beautification Committee</u>	<u>Vehicle License</u>	<u>Eliminations</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ 4,861,304	\$ 55,791	\$ 544,852	\$ -	\$ 5,461,947
Receivables:					
Property taxes	6,830,470	-	-	-	6,830,470
Accounts	178,136	-	34,735	-	212,871
Leases	1,380,575	-	-	-	1,380,575
Due from other funds	175,060	-	-	(58,730)	116,330
Due from other governments	672,500	-	-	-	672,500
Other	943,460	-	-	-	943,460
Total Assets	<u>\$ 15,041,505</u>	<u>\$ 55,791</u>	<u>\$ 579,587</u>	<u>\$ (58,730)</u>	<u>\$ 15,618,153</u>
LIABILITIES					
Accounts payable	\$ 229,368	\$ -	\$ 43,685	\$ -	\$ 273,053
Accrued payroll	186,955	-	-	-	186,955
Unearned revenue	179,700	-	-	-	179,700
Deposits held	391,876	-	-	-	391,876
Due to other funds	75,000	-	58,730	(58,730)	75,000
Total Liabilities	<u>1,062,899</u>	<u>-</u>	<u>102,415</u>	<u>(58,730)</u>	<u>1,106,584</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes levied for future period	6,829,052	-	-	-	6,829,052
Lease related	1,302,483	-	-	-	1,302,483
Total Deferred Inflows of Resources	<u>8,131,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,131,535</u>
FUND BALANCES					
Unassigned	5,847,071	55,791	477,172	-	6,380,034
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 15,041,505</u>	<u>\$ 55,791</u>	<u>\$ 579,587</u>	<u>\$ (58,730)</u>	<u>\$ 15,618,153</u>

CITY OF PALOS HEIGHTS, ILLINOIS

GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2024

	<u>Corporate</u>	<u>Beautification Committee</u>	<u>Vehicle License</u>	<u>Totals</u>
Revenues:				
Taxes:				
Property levies, net	\$ 6,477,873	\$ -	\$ -	\$ 6,477,873
Utility	982,697	-	-	982,697
Intergovernmental	4,564,859	-	-	4,564,859
Charges for services	245,066	-	-	245,066
Fees by agreement	1,078,135	-	-	1,078,135
Fines, forfeitures, and penalties	159,566	-	-	159,566
Grants	11,500	-	-	11,500
Investment income	732,762	-	-	732,762
Licenses, permits, and inspections	883,902	-	-	883,902
Swimming pool	352,824	-	-	352,824
Vehicle tag income	-	-	159,648	159,648
Rental income	183,246	-	-	183,246
Other income	738,883	28,636	34,735	802,254
Total Revenues	<u>16,411,313</u>	<u>28,636</u>	<u>194,383</u>	<u>16,634,332</u>
Expenditures:				
Current:				
Personnel	7,290,304	-	-	7,290,304
Retirement contributions	2,411,520	-	-	2,411,520
Hospital and medical insurance	1,100,529	-	-	1,100,529
Contractual	2,034,374	-	-	2,034,374
Commodities	607,925	-	-	607,925
Other	161,107	29,175	-	190,282
Legal department	121,183	-	-	121,183
Vehicle tag expense	-	-	85,616	85,616
Debt Service:				
Principal	34,033	-	-	34,033
Interest	2,969	-	-	2,969
Capital outlay	150,395	-	47,531	197,926
Total Expenditures	<u>13,914,339</u>	<u>29,175</u>	<u>133,147</u>	<u>14,076,661</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,496,974</u>	<u>(539)</u>	<u>61,236</u>	<u>2,557,671</u>
Other Financing Sources (Uses):				
Installment contract	32,851	-	-	32,851
Transfers in	<u>(1,805,938)</u>	<u>-</u>	<u>-</u>	<u>(1,805,938)</u>
Total Other Financing Sources (Uses)	<u>(1,773,087)</u>	<u>-</u>	<u>-</u>	<u>(1,773,087)</u>
Net change in fund balances	723,887	(539)	61,236	784,584
Fund balances at beginning of year	5,123,184	56,330	415,936	5,595,450
Fund balances at end of year	<u>\$ 5,847,071</u>	<u>\$ 55,791</u>	<u>\$ 477,172</u>	<u>\$ 6,380,034</u>

CORPORATE FUND

CITY OF PALOS HEIGHTS, ILLINOIS
CORPORATE FUND
BALANCE SHEET

DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 4,861,304	\$ 4,186,287
Receivables:		
Property taxes	6,830,470	6,439,062
Accounts	178,136	150,569
Leases	1,380,575	1,090,186
Due from other funds	175,060	156,386
Due from other governments	672,500	658,727
Other	943,460	828,314
Total Assets	<u>\$ 15,041,505</u>	<u>\$ 13,509,531</u>
LIABILITIES		
Accounts payable	\$ 229,368	\$ 211,634
Accrued payroll	186,955	136,794
Unearned revenue	179,700	185,542
Deposits held	391,876	354,708
Due to other funds	75,000	75,000
Total Liabilities	<u>1,062,899</u>	<u>963,678</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes levied for future period	6,829,052	6,374,493
Lease related	1,302,483	1,048,176
Total Deferred Inflows Of Resources	<u>8,131,535</u>	<u>7,422,669</u>
FUND BALANCES		
Unassigned	5,847,071	5,123,184
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 15,041,505</u>	<u>\$ 13,509,531</u>

CITY OF PALOS HEIGHTS, ILLINOIS

CORPORATE FUND

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

YEAR ENDED DECEMBER 31, 2024

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

	2024		2023	
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Taxes:				
Property levies, net	\$ 6,236,086	\$ 6,477,873	\$ 241,787	\$ 6,243,293
Utility	1,075,000	982,697	(92,303)	1,053,525
Intergovernmental	4,481,000	4,564,859	83,859	4,443,633
Charges for services	276,500	245,066	(31,434)	266,991
Fees by agreement	1,052,500	1,078,135	25,635	1,194,879
Fines, forfeitures, and penalties	125,300	159,566	34,266	104,556
Grants	1,000	11,500	10,500	1,000
Investment income	150,000	732,762	582,762	561,215
Licenses, permits, and inspections	429,300	883,902	454,602	489,800
Swimming pool	336,500	352,824	16,324	352,545
Rental income	225,568	183,246	(42,322)	258,209
Other	578,400	738,883	160,483	806,777
Total Revenues	<u>14,967,154</u>	<u>16,411,313</u>	<u>1,444,159</u>	<u>15,776,423</u>
Expenditures:				
Current:				
Personnel	7,465,598	7,290,304	175,294	7,270,176
Retirement contributions	2,373,586	2,411,520	(37,934)	2,334,046
Hospital and medical insurance	1,251,923	1,100,529	151,394	1,052,862
Contractual	2,244,616	2,034,374	210,242	1,997,158
Commodities	695,069	607,925	87,144	615,314
Other	283,000	161,107	121,893	134,852
Legal department	121,600	121,183	417	90,524
Debt Service:				
Principal	22,000	34,033	(12,033)	28,046
Interest	-	2,969	(2,969)	3,875
Capital outlay	257,500	150,395	107,105	114,681
Total Expenditures	<u>14,714,892</u>	<u>13,914,339</u>	<u>800,553</u>	<u>13,641,534</u>
Excess of Revenues Over Expenditures	<u>252,262</u>	<u>2,496,974</u>	<u>2,244,712</u>	<u>2,134,889</u>
Other Financing Sources (Uses):				
Installment contract	-	32,851	32,851	-
Transfers out	<u>(252,262)</u>	<u>(1,805,938)</u>	<u>(1,553,676)</u>	<u>(3,035,024)</u>
Total Other Financing Sources (Uses)	<u>(252,262)</u>	<u>(1,773,087)</u>	<u>(1,520,825)</u>	<u>(3,035,024)</u>
Net change in fund balances	-	723,887	723,887	(900,135)
Fund balances at beginning of year	<u>5,123,184</u>	<u>5,123,184</u>	<u>-</u>	<u>6,023,319</u>
Fund Balances at End of Year	<u>\$ 5,123,184</u>	<u>\$ 5,847,071</u>	<u>\$ 723,887</u>	<u>\$ 5,123,184</u>

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

YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023)

	2024			2023
	Original and Final Budget	Actual	Variance with Final Budget	Actual
General Government:				
Administration:				
Current:				
Personnel	\$ 44,741	\$ 61,919	\$ (17,178)	\$ 51,288
Hospital and medical insurance	1,251,923	1,100,529	151,394	1,052,862
Contractual:				
Deductible insurance	20,000	17,689	2,311	17,610
Employee training and travel	10,000	4,197	5,803	5,218
Insurance - liability premium, IRMA	271,455	271,455	-	280,148
Maintenance and replacement of equipment	8,000	6,125	1,875	6,585
Memberships, dues, and subscriptions	15,000	12,475	2,525	11,242
Postage	2,500	2,397	103	2,346
Printing, publishing, and legal notices	3,500	1,878	1,622	3,304
Professional fees	235,000	125,698	109,302	133,056
Telephone	26,000	14,070	11,930	10,966
Commodities:				
Codifications	3,000	1,954	1,046	3,082
Office and departmental supplies	20,000	14,846	5,154	13,304
Other:				
Expense account - City officials	27,000	18,584	8,416	18,796
Other	231,500	107,182	124,318	76,810
Total Administration	<u>2,169,619</u>	<u>1,760,998</u>	<u>408,621</u>	<u>1,686,617</u>
Legal Department:				
Current:				
City attorney retainer	21,600	21,600	-	21,600
City prosecutor's retainer	60,000	60,000	-	36,000
Legal	<u>40,000</u>	<u>39,583</u>	<u>417</u>	<u>32,924</u>
Total Legal Department	<u>121,600</u>	<u>121,183</u>	<u>417</u>	<u>90,524</u>
Total General Government	<u>2,291,219</u>	<u>1,882,181</u>	<u>409,038</u>	<u>1,777,141</u>

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

YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023)

	2024			2023
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Public Safety:				
Police Department:				
Current:				
Personnel	\$ 4,208,197	\$ 4,087,775	\$ 120,422	\$ 4,206,776
Retirement contributions	2,373,586	2,411,520	(37,934)	2,334,046
Contractual:				
Dispatching	373,145	371,325	1,820	362,268
Employee training and travel	59,200	42,427	16,773	46,659
Maintenance and replacement equipment	260,896	301,992	(41,096)	313,927
Memberships, dues, and subscriptions	2,500	3,040	(540)	1,831
Postage	2,000	1,191	809	1,820
Telephone	44,000	31,738	12,262	26,978
Utilities	9,700	7,523	2,177	6,879
Commodities:				
Investigation and operation supplies	56,419	59,183	(2,764)	52,021
Office and departmental supplies	61,650	48,722	12,928	44,397
Capital Outlay:				
Purchase of equipment	67,000	74,825	(7,825)	42,582
Total Police Department	7,518,293	7,441,261	77,032	7,440,184
 Commissions - Police and Fire:				
Current:				
Personnel	4,000	4,000	-	4,000
Contractual:				
Employment and promotion	2,500	472	2,028	21,614
Memberships, dues, and subscriptions	500	-	500	375
Total Commissions	7,000	4,472	2,528	25,989
Total Public Safety	7,525,293	7,445,733	79,560	7,466,173

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

YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023)

	2024		2023	
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Public Works:				
Building Department:				
Current:				
Personnel	\$ 298,000	\$ 309,146	\$ (11,146)	\$ 242,261
Contractual:				
Employee training and travel	2,000	-	2,000	-
Maintenance and replacement of equipment	500	-	500	-
Membership, dues, and subscriptions	420	150	270	150
Professional fees	52,000	51,951	49	22,286
Telephone	3,000	2,951	49	2,901
Commodities:				
Office and departmental supplies	5,600	6,647	(1,047)	4,516
Capital Outlay:				
Purchase of equipment	121,000	21,059	99,941	10,817
Total Building Department	482,520	391,904	90,616	282,931
Building and Grounds:				
Current:				
Personnel	469,000	468,482	518	427,592
Contractual:				
Employee training and travel	5,000	3,040	1,960	437
Maintenance and replacement of equipment	93,500	83,065	10,435	85,392
Membership, dues, and subscriptions	300	92	208	154
Professional fees	20,500	4,155	16,345	27,029
Commodities:				
Maintenance supplies	38,000	26,417	11,583	27,283
Office and departmental supplies	10,000	7,414	2,586	10,015
Capital Outlay:				
Purchase of equipment	10,000	2,808	7,192	9,493
Total Building and Grounds	646,300	595,473	50,827	587,395

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

YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023)

	2024			2023
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Motor Vehicle Maintenance:				
Current:				
Personnel	\$ 181,000	\$ 180,098	\$ 902	\$ 174,684
Contractual:				
Employee training and travel	4,000	300	3,700	705
Maintenance and replacement of equipment	140,500	114,802	25,698	79,048
Membership, dues, and subscriptions	200	-	200	-
Commodities:				
Maintenance supplies	120,000	96,818	23,182	91,983
Office and departmental supplies	19,800	17,184	2,616	15,900
Capital Outlay:				
Purchase of equipment	3,000	433	2,567	1,717
Total Motor Vehicle Maintenance	<u>468,500</u>	<u>409,635</u>	<u>58,865</u>	<u>364,037</u>
Total Public Works	<u>1,597,320</u>	<u>1,397,012</u>	<u>200,308</u>	<u>1,234,363</u>
Lake Katherine:				
Current:				
Personnel	\$ 383,180	\$ 431,926	\$ (48,746)	\$ 407,901
Contractual:				
Insurance	5,000	4,425	575	4,425
Maintenance and replacement of equipment	58,300	50,150	8,150	36,957
Telephone	15,000	15,743	(743)	16,037
Utilities	27,500	33,606	(6,106)	25,884
Commodities:				
Office and departmental supplies	4,500	3,099	1,401	3,456
Total Lake Katherine	<u>493,480</u>	<u>538,949</u>	<u>(45,469)</u>	<u>494,660</u>

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

YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023)

	2024			2023
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Recreation Department:				
Current:				
Personnel	\$ 1,167,900	\$ 1,116,174	\$ 51,726	\$ 1,095,135
Contractual:				
Employee training and travel	13,000	10,664	2,336	11,217
Maintenance and replacement of equipment	20,000	29,521	(9,521)	23,554
Membership, dues, and subscriptions	6,500	4,791	1,709	6,278
Postage	6,500	1,481	5,019	5,527
Professional fees	99,000	86,788	12,212	88,522
Publicity and advertisement	15,000	12,193	2,807	14,578
Telephone	24,000	21,645	2,355	20,930
Utilities	13,000	10,075	2,925	15,829
Commodities:				
Maintenance supplies	13,000	14,451	(1,451)	12,521
Office and departmental supplies	8,000	6,936	1,064	8,903
Program supplies	315,500	285,852	29,648	314,414
Other:				
Other	24,500	35,341	(10,841)	39,246
Debt Service:				
Principal	22,000	34,033	(12,033)	28,046
Interest	-	2,969	(2,969)	3,875
Capital Outlay:				
Purchase of equipment	24,000	27,999	(3,999)	21,262
Total Recreation Department	1,771,900	1,700,913	70,987	1,709,837
Swimming Pool:				
Current:				
Personnel	223,610	209,097	14,513	217,048
Contractual:				
Maintenance and replacement of equipment	55,000	54,065	935	65,104
Utilities	21,500	21,941	(441)	18,589
Commodities:				
Office and departmental supplies	8,600	11,385	(2,785)	9,415
Capital outlay:				
Purchase of equipment	17,500	16,365	1,135	17,269
Total Swimming Pool	326,210	312,853	13,357	327,425

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

YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023)

	2024			2023
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Roads and Construction:				
Current:				
Personnel	\$ 485,970	\$ 421,687	\$ 64,283	\$ 443,491
Contractual:				
Employee training and travel	3,000	657	2,343	120
Maintenance and replacement of equipment	132,500	134,804	(2,304)	115,727
Membership, dues, and subscriptions	2,000	1,377	623	2,259
Professional fees	25,000	24,764	236	16,997
Utilities	35,000	39,486	(4,486)	37,696
Commodities:				
Office and departmental supplies	11,000	7,017	3,983	4,104
Capital Outlay:				
Purchase of equipment	15,000	6,906	8,094	11,541
Total Roads and Construction	<u>709,470</u>	<u>636,698</u>	<u>72,772</u>	<u>631,935</u>
Total Corporate Fund Expenditures	<u>\$ 14,714,892</u>	<u>\$ 13,914,339</u>	<u>\$ 800,553</u>	<u>\$ 13,641,534</u>

BEAUTIFICATION COMMITTEE FUND

CITY OF PALOS HEIGHTS, ILLINOIS
BEAUTIFICATION COMMITTEE FUND
BALANCE SHEET

DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	<u>\$ 55,791</u>	<u>\$ 56,330</u>
 FUND BALANCES		
Unassigned	<u>\$ 55,791</u>	<u>\$ 56,330</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, 2024
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR DECEMBER 31, 2023)

	2024			2023
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Other income	<u>\$ 25,100</u>	<u>\$ 28,636</u>	<u>\$ 3,536</u>	<u>\$ 25,689</u>
Expenditures:				
Current:				
Other	64,000	29,175	34,825	38,426
Debt Service:				
Principal	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000</u>
Total Expenditures	<u>64,000</u>	<u>29,175</u>	<u>34,825</u>	<u>42,426</u>
Net change in fund balances	(38,900)	(539)	38,361	(16,737)
Fund balances at beginning of year	<u>56,330</u>	<u>56,330</u>	<u>-</u>	<u>73,067</u>
Fund balances at end of year	<u>\$ 17,430</u>	<u>\$ 55,791</u>	<u>\$ 38,361</u>	<u>\$ 56,330</u>

VEHICLE LICENSE FUND

CITY OF PALOS HEIGHTS, ILLINOIS
VEHICLE LICENSE FUND
BALANCE SHEET

DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 544,852	\$ 474,666
Accounts receivable	34,735	-
Total Assets	<u>\$ 579,587</u>	<u>\$ 474,666</u>
LIABILITIES		
Accounts payable	\$ 43,685	\$ -
Due to other funds	58,730	58,730
Total Liabilities	<u>102,415</u>	<u>58,730</u>
FUND BALANCES		
Unassigned	<u>477,172</u>	<u>415,936</u>
Total Liabilities and Fund Balances	<u>\$ 579,587</u>	<u>\$ 474,666</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, 2024

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

	2024		2023	
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Vehicle tag income	\$ 145,200	\$ 159,648	\$ 14,448	\$ 147,245
Other income	-	34,735	34,735	-
Total Revenues	<u>145,200</u>	<u>194,383</u>	<u>49,183</u>	<u>147,245</u>
Expenditures:				
Current:				
Other				
Vehicle tag expense	85,000	85,616	(616)	74,524
Capital outlay	<u>100,000</u>	<u>47,531</u>	<u>52,469</u>	<u>104,558</u>
Total Expenditures	<u>185,000</u>	<u>133,147</u>	<u>51,853</u>	<u>179,082</u>
Net change in fund balances	(39,800)	61,236	101,036	(31,837)
Fund balances at beginning of year	<u>415,936</u>	<u>415,936</u>	<u>-</u>	<u>447,773</u>
Fund balances at end of year	<u>\$ 376,136</u>	<u>\$ 477,172</u>	<u>\$ 101,036</u>	<u>\$ 415,936</u>

CAPITAL PROJECTS FUND

CITY OF PALOS HEIGHTS, ILLINOIS
CAPITAL PROJECTS FUND
BALANCE SHEET

DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2023)

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 7,103,055	\$ 7,274,488
Accounts receivable	99,000	-
Due from other governments	609,069	291,002
Total Assets	\$ 7,811,124	\$ 7,565,490
LIABILITIES		
Accounts payable	\$ 666,140	\$ 322,794
Unearned revenue	-	300,000
Due to other funds	70,299	70,299
Total Liabilities	736,439	693,093
FUND BALANCES		
Assigned	7,074,685	6,872,397
Total Liabilities and Fund Balances	\$ 7,811,124	\$ 7,565,490

CITY OF PALOS HEIGHTS, ILLINOIS

CAPITAL PROJECTS FUND

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

YEAR ENDED DECEMBER 31, 2024

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

	2024		2023	
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Grants	\$ 658,100	\$ 1,289,970	\$ 631,870	\$ 79,234
Other income	60,000	427,565	367,565	138,005
Total Revenues	718,100	1,717,535	999,435	217,239
Expenditures:				
Capital outlay	3,948,000	3,246,185	701,815	1,260,240
Deficiency of Revenues Over Expenditures	(3,229,900)	(1,528,650)	1,701,250	(1,043,001)
Other Financing Sources:				
Transfers in	162,262	1,730,938	1,568,676	2,925,024
Net change in fund balances	(3,067,638)	202,288	3,269,926	1,882,023
Fund balances at beginning of year	6,872,397	6,872,397	-	4,990,374
Fund balances at end of year	<u>\$ 3,804,759</u>	<u>\$ 7,074,685</u>	<u>\$ 3,269,926</u>	<u>\$ 6,872,397</u>

MAJOR PROPRIETARY FUND

WATERWORKS AND SEWERAGE FUND

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

DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 9,742,262	\$ 10,109,089
Accounts receivable - water customers:		
Billed	578,469	439,931
Unbilled	1,061,688	1,005,565
Current portion of leases receivable	<u>22,002</u>	<u>20,282</u>
Total Current Assets	<u>11,404,421</u>	<u>11,574,867</u>
Noncurrent Assets:		
Capital Assets:		
Land	45,849	45,849
Construction in progress	31,691	31,691
Building and improvements	3,651,418	3,578,933
Water distribution, storm and sanitary system	10,678,302	9,674,204
Equipment	<u>2,598,294</u>	<u>2,574,652</u>
	17,005,554	15,905,329
Less accumulated depreciation	<u>(11,824,253)</u>	<u>(11,342,278)</u>
Net Capital Assets	5,181,301	4,563,051
Leases receivable, net of current portion	<u>188,801</u>	<u>210,803</u>
Total Noncurrent Assets	<u>5,370,102</u>	<u>4,773,854</u>
Total Assets	<u>16,774,523</u>	<u>16,348,721</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	153,998	312,175
Deferred outflows of resources related to other post-employment benefits	<u>290,590</u>	<u>351,121</u>
Total Deferred Outflows of Resources	<u>444,588</u>	<u>663,296</u>

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

DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 1,373,315	\$ 835,314
Accrued payroll	20,740	14,985
Current Portion of Long-Term Liabilities:		
Compensated absences	<u>129,873</u>	<u>159,607</u>
Total Current Liabilities	<u>1,523,928</u>	<u>1,009,906</u>
Long-Term Liabilities:		
Compensated absences	108,676	53,203
Net pension liability	445,962	493,805
Net other postemployment benefits liability	<u>529,980</u>	<u>549,292</u>
Total Long-Term Liabilities	<u>1,084,618</u>	<u>1,096,300</u>
Total Liabilities	<u>2,608,546</u>	<u>2,106,206</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	5,899	11,197
Deferred inflows of resources related to other postemployment benefits	138,189	128,759
Lease related	<u>193,549</u>	<u>223,221</u>
Total Deferred Inflows of Resources	<u>337,637</u>	<u>363,177</u>
NET POSITION		
Net investment in capital assets	4,187,712	4,563,051
Unrestricted	<u>10,085,216</u>	<u>9,979,583</u>
Total Net Position	<u>\$ 14,272,928</u>	<u>\$ 14,542,634</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, 2024
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023)

	2024			2023
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Operating Revenues:				
Charges for Services:				
Water sales	\$ 6,000,000	\$ 6,142,565	\$ 142,565	\$ 6,092,945
Sewer charges	2,020,000	2,075,296	55,296	1,989,438
User fees	8,500	29,512	21,012	7,505
Penalties	80,000	81,908	1,908	87,988
Sales of water meters	7,000	7,570	570	1,500
Other	5,000	34,865	29,865	52,361
Total Operating Revenues	<u>8,120,500</u>	<u>8,371,716</u>	<u>251,216</u>	<u>8,231,737</u>
Operating Expenses:				
Personnel	1,512,097	1,651,151	(139,054)	1,425,932
Contractual	4,132,700	5,578,683	(1,445,983)	5,916,030
Commodities	1,021,000	832,475	188,525	728,971
Depreciation	-	481,975	(481,975)	491,840
Other	622,764	614,250	8,514	486,362
Total Operating Expenses	<u>7,288,561</u>	<u>9,158,534</u>	<u>(1,869,973)</u>	<u>9,049,135</u>
Operating Income (Loss)	<u>831,939</u>	<u>(786,818)</u>	<u>(1,618,757)</u>	<u>(817,398)</u>
Nonoperating Revenue:				
Investment income	120,000	488,151	368,151	456,638
Rental income	28,657	28,961	304	25,830
Total Nonoperating Revenue	<u>148,657</u>	<u>517,112</u>	<u>368,455</u>	<u>482,468</u>
Change in net position	980,596	(269,706)	(1,250,302)	(334,930)
Net position at beginning of year	14,542,634	14,542,634	-	14,877,564
Net position at end of year	<u>\$ 15,523,230</u>	<u>\$ 14,272,928</u>	<u>\$ (1,250,302)</u>	<u>\$ 14,542,634</u>
Other budgeted expenditure:				
Capital outlay	<u>\$ 4,167,000</u>	<u>\$ 1,100,225</u>	<u>\$ 3,066,775</u>	<u>\$ 127,043</u>

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

YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023)

	2024			2023
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Personnel:				
Salaries	\$ 1,040,020	\$ 1,032,918	\$ 7,102	\$ 963,550
Hospital and medical insurance	323,077	323,077	-	317,000
IMRF, Social Security, and Medicare	149,000	295,156	(146,156)	145,382
Total Personnel	1,512,097	1,651,151	(139,054)	1,425,932
Contractual:				
General insurance	102,000	102,237	(237)	102,075
Maintenance service	26,000	19,608	6,392	24,482
Other	501,700	1,956,986	(1,455,286)	2,387,872
Postage	20,000	19,812	188	15,814
Professional fees	65,000	67,278	(2,278)	35,446
Purchase of water	3,300,000	3,270,309	29,691	3,228,760
Telephone	28,000	21,809	6,191	21,403
Utilities	90,000	120,644	(30,644)	100,178
Total Contractual	4,132,700	5,578,683	(1,445,983)	5,916,030
Commodities:				
Gas and oil	80,000	80,000	-	80,000
Supplies:				
Departmental and office	25,000	11,425	13,575	11,301
Maintenance	916,000	741,050	174,950	637,670
Total Commodities	1,021,000	832,475	188,525	728,971
Depreciation	-	481,975	(481,975)	491,840
Other:				
Administrative charges	497,764	497,764	-	490,825
Bad debt expense	-	3,743	(3,743)	3,981
Equipment purchases	125,000	112,743	12,257	(8,444)
Total Other	622,764	614,250	8,514	486,362
Total Operating Expenses	\$ 7,288,561	\$ 9,158,534	\$ (1,869,973)	\$ 9,049,135

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

YEAR ENDED DECEMBER 31, 2024 (WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 8,177,055	\$ 8,075,393
Payments to employees	(1,463,972)	(1,408,239)
Payments to suppliers	(6,487,407)	(6,972,247)
Net cash flows from operating activities	<u>225,676</u>	<u>(305,093)</u>
Cash flows from noncapital financing activities:		
Rental income	<u>19,571</u>	<u>17,966</u>
Cash flows from capital and related financing activities:		
Payments for purchases of capital assets	(1,100,225)	(127,043)
Cash flows from investing activities:		
Investment income received	<u>488,151</u>	<u>456,638</u>
Net change in cash and cash equivalents	(366,827)	42,468
Cash and cash equivalents at beginning of year	<u>10,109,089</u>	<u>10,066,621</u>
Cash and cash equivalents at end of year	<u>\$ 9,742,262</u>	<u>\$ 10,109,089</u>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	\$ (786,818)	\$ (817,398)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	481,975	491,840
(Increase) decrease in:		
Accounts receivable	(194,661)	(156,344)
Deferred outflows of resources related to pensions	158,177	161,150
Deferred outflows of resources related to other postemployment benefits	60,531	(58,467)
Increase (decrease) in:		
Accounts payable	538,001	159,116
Accrued payroll	5,755	(10,677)
Compensated absences	25,739	14,601
Net pension liability	(47,843)	(193,561)
Net other postemployments benefits liability	(19,312)	117,713
Deferred inflows of resources related to pensions	(5,298)	(1,988)
Deferred inflows of resources related to other postemployment benefits	<u>9,430</u>	<u>(11,078)</u>
Net cash flows from operating activities	<u>\$ 225,676</u>	<u>\$ (305,093)</u>

NONMAJOR GOVERNMENTAL FUNDS

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

DECEMBER 31, 2024

	Special Revenue Funds							Capital Projects Funds		Debt Service Fund	Total Nonmajor		
	Seizure and Forfeiture	Motor Fuel Tax	Social Security	IMRF	Special Recreation	Police DUI Fine	Harlem Avenue Business District	Business District	PEG Capital	127th and Harlem Tax Increment	Gateway Tax Increment	Bond and Interest	Governmental Funds
ASSETS													
Cash and cash equivalents	\$ 679,323	\$ 850,525	\$ 214,482	\$ 261,888	\$ 163,798	\$ 15,865	\$ 344,330	\$ 440,886	\$ 324	\$ 1,308,385	\$ 2,639,330	\$ 102,847	7,021,983
Receivables:													
Property taxes	-	-	385,645	223,324	201,879	-	-	-	-	-	-	476,493	1,287,341
Accounts	-	-	-	-	-	-	-	-	2,993	-	-	-	2,993
Due from other funds	-	-	-	78,547	-	-	-	110,392	-	-	-	-	188,939
Due from other governments	-	45,316	-	-	-	-	70,952	34,507	-	-	-	-	150,775
Total Assets	\$ 679,323	\$ 895,841	\$ 600,127	\$ 563,759	\$ 365,677	\$ 15,865	\$ 415,282	\$ 585,785	\$ 3,317	\$ 1,308,385	\$ 2,639,330	\$ 579,340	8,652,031
LIABILITIES													
Accounts payable	\$ -	\$ 39,224	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,500	\$ -	\$ -	42,724
Other payable	-	-	-	-	-	-	-	-	-	-	3,609	-	3,609
Due to other funds	35,719	10,312	78,547	-	-	-	-	-	-	35,392	-	-	159,970
Total Liabilities	35,719	49,536	78,547	-	-	-	-	-	-	38,892	3,609	-	206,303
DEFERRED INFLOWS OF RESOURCES													
Property taxes levied for future period	-	-	385,495	223,182	201,819	-	-	-	-	-	-	476,322	1,286,818
FUND BALANCES													
Restricted	643,604	846,305	74,807	340,577	11,491	-	415,282	381,690	3,317	1,269,493	2,635,721	103,018	6,725,305
Assigned	-	-	61,278	-	152,367	15,865	-	204,095	-	-	-	-	433,605
Total Fund Balances	643,604	846,305	136,085	340,577	163,858	15,865	415,282	585,785	3,317	1,269,493	2,635,721	103,018	7,158,910
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 679,323	\$ 895,841	\$ 600,127	\$ 563,759	\$ 365,677	\$ 15,865	\$ 415,282	\$ 585,785	\$ 3,317	\$ 1,308,385	\$ 2,639,330	\$ 579,340	\$ 8,652,031

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

YEAR ENDED DECEMBER 31, 2024

	Special Revenue Funds							Capital Projects Funds			Debt Service Fund	Total	
	Seizure and Forfeiture	Motor Fuel Tax	Social Security	IMRF	Special Recreation	Police DUI Fine	Harlem Avenue Business District	Business District	PEG Capital	127th and Harlem Tax Increment	Gateway Tax Increment		Bond and Interest
Revenues:													
Taxes:													
Property levies, net	\$ -	\$ -	\$ 422,491	\$ 400,905	\$ 172,603	\$ -	\$ -	\$ -	\$ -	\$ 279,576	\$ 805,040	\$ 479,156	\$ 2,559,771
Business district sales	-	-	-	-	-	-	418,708	153,868	-	-	-	-	572,576
Intergovernmental	-	536,425	-	-	-	-	-	-	-	-	-	-	536,425
Fines, forfeitures and penalties	349,003	-	-	-	-	-	-	-	-	-	-	-	349,003
Investment income	29,106	58,450	-	-	-	-	-	13,686	-	42,009	94,427	-	237,678
Other income	-	-	-	-	-	4,206	-	-	18,623	-	-	-	22,829
Total Revenues	378,109	594,875	422,491	400,905	172,603	4,206	418,708	167,554	18,623	321,585	899,467	479,156	4,278,282
Expenditures:													
Current:													
Payroll taxes and retirement contributions	-	-	351,104	270,541	-	-	-	-	-	-	-	-	621,645
Contractual	-	-	-	-	-	-	3,426	2,484	-	10,665	46,658	-	63,233
Commodities	-	26,292	-	-	-	-	-	-	-	-	-	-	26,292
Other	471,902	-	-	-	252,140	9,548	-	-	23,421	-	-	-	757,011
Debt Service:													
Principal	49,979	-	-	-	-	-	-	-	-	-	-	320,000	369,979
Interest	-	-	-	-	-	-	-	-	-	-	-	143,119	143,119
Capital outlay	-	599,184	-	-	-	-	-	-	-	-	-	-	599,184
Total Expenditures	521,881	625,476	351,104	270,541	252,140	9,548	3,426	2,484	23,421	10,665	46,658	463,119	2,580,463
Excess (Deficiency) of Revenues Over Expenditure	(143,772)	(30,601)	71,387	130,364	(79,537)	(5,342)	415,282	165,070	(4,798)	310,920	852,809	16,037	1,697,819
Other Financing Sources:													
Installment contract	108,591	-	-	-	-	-	-	-	-	-	-	-	108,591
Transfers in	-	-	-	-	-	-	-	75,000	-	-	-	-	75,000
Total Other Financing Sources	108,591	-	-	-	-	-	-	75,000	-	-	-	-	183,591
Net change in fund balances	(35,181)	(30,601)	71,387	130,364	(79,537)	(5,342)	415,282	240,070	(4,798)	310,920	852,809	16,037	1,881,410
Fund balances at beginning 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
Fund balances at end of year	\$ 643,604	\$ 846,305	\$ 136,085	\$ 340,577	\$ 163,858	\$ 15,865	\$ 415,282	\$ 585,785	\$ 3,317	\$ 1,269,493	\$ 2,635,721	\$ 103,018	\$ 7,158,910

SPECIAL REVENUE FUNDS

SEIZURE AND FORFEITURE FUND

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

DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 679,323	\$ 684,553
LIABILITIES		
Accounts payable	\$ -	\$ 1,574
Due to other funds	35,719	4,194
Total Liabilities	35,719	5,768
FUND BALANCES		
Restricted	643,604	678,785
Total Liabilities and Fund Balances	\$ 679,323	\$ 684,553

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, 2024

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

	2024			2023
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Fines, forfeitures and penalties	\$ -	\$ 349,003	\$ 349,003	\$ 220,509
Investment income	-	29,106	29,106	26,448
Total Revenues	-	378,109	378,109	246,957
Expenditures:				
Current:				
Personnel	5,600	-	5,600	-
Other	569,600	471,902	97,698	232,069
Debt Service				
Principal	-	49,979	(49,979)	-
Total Expenditures	575,200	521,881	53,319	232,069
Excess (Deficiency) of Revenues Over Expenditures	(575,200)	(143,772)	431,428	14,888
Other Financing Sources:				
Installment contract	-	108,591	108,591	-
Net change in fund balances	(575,200)	(35,181)	540,019	14,888
Fund balances at beginning of year	678,785	678,785	-	663,897
Fund balances at end of year	\$ 103,585	\$ 643,604	\$ 540,019	\$ 678,785

MOTOR FUEL TAX FUND

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

DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 850,525	\$ 927,738
Due from other governments	45,316	47,101
Total Assets	<u>\$ 895,841</u>	<u>\$ 974,839</u>
LIABILITIES		
Accounts payable	\$ 39,224	\$ 87,621
Due to other funds	10,312	10,312
Total Liabilities	49,536	97,933
FUND BALANCES		
Restricted	846,305	876,906
Total Liabilities and Fund Balances	<u>\$ 895,841</u>	<u>\$ 974,839</u>

CITY OF PALOS HEIGHTS, ILLINOIS

MOTOR FUEL TAX FUND

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

DECEMBER 31, 2024

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

	2024			2023
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Intergovernmental	\$ 520,000	\$ 536,425	\$ 16,425	\$ 520,873
Investment income	30,000	58,450	28,450	61,656
Total Revenues	550,000	594,875	44,875	582,529
Expenditures:				
Current:				
Commodities:				
Maintenance supplies	43,000	26,292	16,708	38,351
Capital outlay	940,000	599,184	340,816	770,497
Total Expenditures	983,000	625,476	357,524	808,848
Net change in fund balances	(433,000)	(30,601)	402,399	(226,319)
Fund balances at beginning of year	876,906	876,906	-	1,103,225
Fund balances at end of year	\$ 443,906	\$ 846,305	\$ 402,399	\$ 876,906

SOCIAL SECURITY

CITY OF PALOS HEIGHTS, ILLINOIS
SOCIAL SECURITY FUND
BALANCE SHEET

DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 214,482	\$ 136,752
Due from other funds	-	711
Property taxes receivable	<u>385,645</u>	<u>424,726</u>
Total Assets	<u><u>\$ 600,127</u></u>	<u><u>\$ 562,189</u></u>
LIABILITIES		
Due to other funds	<u>\$ 78,547</u>	<u>\$ 78,547</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes levied for future period	<u>385,495</u>	<u>418,944</u>
FUND BALANCES		
Restricted	74,807	3,420
Assigned	<u>61,278</u>	<u>61,278</u>
Total Fund Balances	<u>136,085</u>	<u>64,698</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 600,127</u></u>	<u><u>\$ 562,189</u></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, 2024

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

	2024			2023
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Property tax levies, net	\$ 340,000	\$ 422,491	\$ 82,491	\$ 343,175
Expenditures:				
Current:				
Payroll taxes and retirement contributions	355,000	351,104	3,896	339,755
Excess (Deficiency) of Revenues Over Expenditures	(15,000)	71,387	86,387	3,420
Other Financing Sources (Uses):				
Transfers in	15,000	-	(15,000)	35,000
Transfers out	-	-	-	(78,547)
Total Other Financing Sources (Uses)	15,000	-	(15,000)	(43,547)
Net change in fund balances	-	71,387	71,387	(40,127)
Fund balances at beginning of year	64,698	64,698	-	104,825
Fund balances at end of year	<u>\$ 64,698</u>	<u>\$ 136,085</u>	<u>\$ 71,387</u>	<u>\$ 64,698</u>

IMRF FUND

CITY OF PALOS HEIGHTS, ILLINOIS
IMRF FUND
BALANCE SHEET

DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 261,888	\$ 124,358
Due from other funds	78,547	79,392
Property taxes receivable	<u>223,324</u>	<u>403,357</u>
Total Assets	<u>\$ 563,759</u>	<u>\$ 607,107</u>
 DEFERRED INFLOWS OF RESOURCES		
Property taxes levied for future period	\$ 223,182	\$ 396,894
 FUND BALANCES		
Restricted	<u>340,577</u>	<u>210,213</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 563,759</u>	<u>\$ 607,107</u>

CITY OF PALOS HEIGHTS, ILLINOIS

IMRF FUND

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

YEAR ENDED DECEMBER 31, 2024

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

	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Property tax levies, net	\$ 380,000	\$ 400,905	\$ 20,905	\$ 383,621
Expenditures:				
Current:				
Retirement contributions	270,000	270,541	(541)	251,955
Excess of Revenues Over Expenditures	110,000	130,364	20,364	131,666
Other Financing Sources:				
Transfers in	-	-	-	78,547
Net change in fund balances	110,000	130,364	20,364	210,213
Fund balances at beginning of year	210,213	210,213	-	-
Fund balances at end of year	<u>\$ 320,213</u>	<u>\$ 340,577</u>	<u>\$ 20,364</u>	<u>\$ 210,213</u>

SPECIAL RECREATION FUND

CITY OF PALOS HEIGHTS, ILLINOIS
SPECIAL RECREATION FUND
BALANCE SHEET

DECEMBER 31, 2024 (WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 163,798	\$ 240,508
Property taxes receivable	201,879	170,237
Total Assets	<u>\$ 365,677</u>	<u>\$ 410,745</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes levied for future period	<u>\$ 201,819</u>	<u>\$ 167,350</u>
FUND BALANCES		
Restricted	11,491	91,028
Assigned	152,367	152,367
Total Fund Balances	<u>163,858</u>	<u>243,395</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 365,677</u>	<u>\$ 410,745</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, 2024

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

	2024			2023
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Property tax levies, net	\$ 170,000	\$ 172,603	\$ 2,603	\$ 171,616
Expenditures:				
Current:				
Other:				
Special recreation association	373,000	252,140	120,860	104,478
Net change in fund balances	(203,000)	(79,537)	123,463	67,138
Fund balances at beginning of year	243,395	243,395	-	176,257
Fund balances at end of year	<u>\$ 40,395</u>	<u>\$ 163,858</u>	<u>\$ 123,463</u>	<u>\$ 243,395</u>

POLICE DUI FINE FUND

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

DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 15,865	\$ 21,207
FUND BALANCES		
Restricted	\$ -	\$ 3,935
Assigned	15,865	17,272
Total Fund Balances	<u>\$ 15,865</u>	<u>\$ 21,207</u>

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, 2024

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

	2024			2023
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Other income	\$ -	\$ 4,206	\$ 4,206	\$ 9,800
Expenditures:				
Current:				
Other	25,000	9,548	15,452	28,384
Net change in fund balances	(25,000)	(5,342)	19,658	(18,584)
Fund balances at beginning of year	21,207	21,207	-	39,791
Fund balances at end of year	<u>\$ (3,793)</u>	<u>\$ 15,865</u>	<u>\$ 19,658</u>	<u>\$ 21,207</u>

HARLEM AVENUE BUSINESS DISTRICT FUND

CITY OF PALOS HEIGHTS, ILLINOIS
HARLEM AVENUE BUSINESS DISTRICT FUND
BALANCE SHEET

DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 344,330	\$ -
Due from other governments	70,952	-
Total Assets	<u>\$ 415,282</u>	<u>\$ -</u>
FUND BALANCES		
Restricted	<u>\$ 415,282</u>	<u>\$ -</u>

CITY OF PALOS HEIGHTS, ILLINOIS

HARLEM AVENUE BUSINESS DISTRICT FUND

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

YEAR ENDED DECEMBER 31, 2024

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

	2024			2023
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Business district sales tax	\$ 500,000	\$ 418,708	\$ (81,292)	\$ -
Investment income	1,000	-	(1,000)	-
Total Revenues	<u>501,000</u>	<u>418,708</u>	<u>(82,292)</u>	<u>-</u>
Expenditures:				
Current:				
Contractual:				
Professional fees	230,000	3,426	226,574	-
Capital outlay	260,000	-	260,000	-
Total Expenditures	<u>490,000</u>	<u>3,426</u>	<u>486,574</u>	<u>-</u>
Net change in fund balances	11,000	415,282	404,282	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	<u>\$ 11,000</u>	<u>\$ 415,282</u>	<u>\$ 404,282</u>	<u>\$ -</u>

BUSINESS DISTRICT FUND

CITY OF PALOS HEIGHTS, ILLINOIS
BUSINESS DISTRICT FUND
BALANCE SHEET

DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 440,886	\$ 213,991
Due from other funds	110,392	110,392
Due from other governments	34,507	24,356
Total Assets	<u>\$ 585,785</u>	<u>\$ 348,739</u>
LIABILITIES		
Due to other funds	\$ -	\$ 3,024
FUND BALANCES		
Restricted	381,690	221,536
Assigned	204,095	124,179
Total Fund Balances	<u>585,785</u>	<u>345,715</u>
Total Liabilities and Fund Balances	<u>\$ 585,785</u>	<u>\$ 348,739</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, 2024

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

	2024		2023	
	Original and Final Budget	Actual	Variance With Final Budget	Actual
Revenues:				
Business district sales tax	\$ 153,000	\$ 153,868	\$ 868	\$ 147,651
Investment income	7,000	13,686	6,686	9,270
Total Revenues	160,000	167,554	7,554	156,921
Expenditures:				
Current:				
Contractual:				
Professional fees	13,000	2,484	10,516	4,342
Debt Service:				
Principal	222,000	-	222,000	202,165
Total Expenditures	235,000	2,484	232,516	206,507
Excess (Deficiency) of Revenues Over Expenditures	(75,000)	165,070	240,070	(49,586)
Other Financing Sources:				
Transfers in	75,000	75,000	-	75,000
Net change in fund balances	-	240,070	240,070	25,414
Fund balances at beginning of year	345,715	345,715	-	320,301
Fund balances at end of year	\$ 345,715	\$ 585,785	\$ 240,070	\$ 345,715

PEG CAPITAL FUND

CITY OF PALOS HEIGHTS, ILLINOIS
PEG CAPITAL FUND
BALANCE SHEET

DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 324	\$ 3,136
Accounts receivable	<u>2,993</u>	<u>4,979</u>
Total Assets	<u>\$ 3,317</u>	<u>\$ 8,115</u>
FUND BALANCES		
Restricted	<u>\$ 3,317</u>	<u>\$ 8,115</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, 2024

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

	2024			2023
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Other income	\$ 25,000	\$ 18,623	\$ (6,377)	\$ 20,543
Expenditures:				
Current:				
Other:				
Supplies	25,000	23,421	1,579	34,195
Net change in fund balances	-	(4,798)	(4,798)	(13,652)
Fund balances at beginning of year	8,115	8,115	-	21,767
Fund balances at end of year	<u>\$ 8,115</u>	<u>\$ 3,317</u>	<u>\$ (4,798)</u>	<u>\$ 8,115</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, 2024
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 1,308,385	\$ 997,315
LIABILITIES		
Due to other funds	\$ 35,392	\$ 38,742
Accounts payable	3,500	-
Total Liabilities	38,892	38,742
FUND BALANCES		
Restricted	1,269,493	958,573
Total Liabilities and Fund Balances	<u>\$ 1,308,385</u>	<u>\$ 997,315</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, 2024

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

	2024			2023
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Property tax levies, net	\$ 485,000	\$ 279,576	\$ (205,424)	\$ 500,187
Investment income	20,000	42,009	22,009	29,870
Total Revenues	505,000	321,585	(183,415)	530,057
Expenditures:				
Current:				
Contractual:				
Professional fees	20,000	10,665	9,335	7,175
Debt Service:				
Principal	390,000	-	390,000	192,195
Interest	-	-	-	196,249
Total Expenditures	410,000	10,665	399,335	395,619
Net change in fund balances	95,000	310,920	215,920	134,438
Fund balances at beginning of year	958,573	958,573	-	824,135
Fund balances at end of year	\$ 1,053,573	\$ 1,269,493	\$ 215,920	\$ 958,573

GATEWAY TAX INCREMENT FUND

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

DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 2,639,330	\$ 2,126,204
LIABILITIES		
Other payable	\$ 3,609	\$ 335,259
Due to other funds	-	8,033
Total Liabilities	3,609	343,292
FUND BALANCES		
Restricted	2,635,721	1,782,912
Total Liabilities and Fund Balances	<u>\$ 2,639,330</u>	<u>\$ 2,126,204</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, 2024
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023)

	2024			2023
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Property tax levies, net	\$ 700,000	\$ 805,040	\$ 105,040	\$ 774,801
Investment income	30,000	94,427	64,427	53,062
Total Revenues	<u>730,000</u>	<u>899,467</u>	<u>169,467</u>	<u>827,863</u>
Expenditures:				
Current:				
Contractual:				
Professional fees	126,000	46,658	79,342	12,102
Capital outlay	<u>1,900,000</u>	<u>-</u>	<u>1,900,000</u>	<u>-</u>
Total Expenditures	<u>2,026,000</u>	<u>46,658</u>	<u>1,979,342</u>	<u>12,102</u>
Net change in fund balances	(1,296,000)	852,809	2,148,809	815,761
Fund balances at beginning of year	<u>1,782,912</u>	<u>1,782,912</u>	<u>-</u>	<u>967,151</u>
Fund balances at end of year	<u>\$ 486,912</u>	<u>\$ 2,635,721</u>	<u>\$ 2,148,809</u>	<u>\$ 1,782,912</u>

DEBT SERVICE FUND

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

DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 102,847	\$ 78,735
Property taxes receivable	476,493	485,986
Total Assets	<u>\$ 579,340</u>	<u>\$ 564,721</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes levied for future period	\$ 476,322	\$ 477,740
FUND BALANCES		
Restricted	103,018	86,981
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 579,340</u>	<u>\$ 564,721</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, 2024

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

	2024		2023	
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Local Sources:				
Property tax levies, net	\$ 463,138	\$ 479,156	\$ 16,018	\$ 490,735
Expenditures:				
Debt Service:				
Principal	320,000	320,000	-	310,000
Interest	143,138	143,119	19	152,413
Total Expenditures	463,138	463,119	19	462,413
Net change in fund balances	-	16,037	16,037	28,322
Fund balances at beginning of year	86,981	86,981	-	58,659
Fund balances at end of year	\$ 86,981	\$ 103,018	\$ 16,037	\$ 86,981

NONMAJOR PROPRIETARY FUND

METRA STATION PARKING FUND

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

DECEMBER 31, 2024
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 98,095	\$ 113,556
LIABILITIES		
Current Liabilities:		
Accounts payable	<u>1,019</u>	<u>1,787</u>
NET POSITION		
Unrestricted	<u>\$ 97,076</u>	<u>\$ 111,769</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, 2024

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

	2024		Variance with Final Budget	2023
	Original and Final Budget	Actual		Actual
Operating Revenues:				
Charges for Services:				
User fees	\$ 15,000	\$ 15,163	\$ 163	\$ 13,561
Operating Expenses:				
Personnel	5,200	-	5,200	-
Commodities:				
Supplies:				
Departmental and office	30,000	29,856	144	7,786
Total Operating Expenses	35,200	29,856	5,344	7,786
Operating income (loss)	(20,200)	(14,693)	5,507	5,775
Net position at beginning of year	111,769	111,769	-	105,994
Net position at end of year	\$ 91,569	\$ 97,076	\$ 5,507	\$ 111,769

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

YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Receipts from users	\$ 15,163	\$ 13,561
Payments to suppliers	<u>(30,624)</u>	<u>(6,223)</u>
Net cash flows from operating activities	(15,461)	7,338
Cash and cash equivalents at beginning of year	<u>113,556</u>	<u>106,218</u>
Cash and cash equivalents at end of year	<u><u>\$ 98,095</u></u>	<u><u>\$ 113,556</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating (loss) income	\$ (14,693)	\$ 5,775
Adjustment to reconcile operating (loss) income to net cash flows from operating activities:		
Change in accounts payable	<u>(768)</u>	<u>1,563</u>
Net cash flows from operating activities	<u><u>\$ (15,461)</u></u>	<u><u>\$ 7,338</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, 2024

CSFA#	Program Name	\$ State	\$ Federal	\$ Other	\$ Total
422-11-0970	Open Space Land Acquisition & Development	\$ 582,100	\$ -	\$ -	\$ 582,100
494-10-0343	State and Community Highway Safety/National Priority Safety Program	-	29,426	-	29,426
	Other grant programs and activities	-	476,963	-	476,963
	Totals	\$ 582,100	\$ 506,389	\$ -	\$ 1,088,489

STATISTICAL SECTION

CITY OF PALOS HEIGHTS, ILLINOIS
STATISTICAL SECTION

DECEMBER 31, 2024

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	125
Changes in Net Position	126-127
Governmental Activities Tax Revenues by Source	128
Fund Balances of Governmental Funds	129
Changes in Fund Balances of Governmental Funds	130

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	131
Property Tax Rates – Direct and Overlapping Governments	132
Principal Property Taxpayers	133
Schedule of Assessed Valuation, Rate Extension, and Collections	134

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	135
Ratios of General Obligation Bonded Debt Outstanding	136
Direct and Overlapping General Obligation Bonded Debt	137
Legal Debt Margin Information	138
Pledged Revenue Coverage	139

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	140
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	141
Operating Indicators by Function	142

CITY OF PALOS HEIGHTS, ILLINOIS
CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental Activities:										
Net investment in capital assets	\$ 24,524,528	\$ 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
Restricted	6,725,305	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
Unrestricted	(8,864,069)	(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)
Total Governmental Activities Net Position	<u>22,385,764</u>	<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>
Business-Type Activities:										
Net investment in capital assets	4,187,712	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
Unrestricted	10,182,292	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
Total Business-Type Activities Net Position	<u>14,370,004</u>	<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>
Primary Government:										
Net investment in capital assets	28,712,240	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
Restricted	6,725,305	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
Unrestricted	1,318,223	(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)
Total Primary Government Net Position	<u>\$ 36,755,768</u>	<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>

CITY OF PALOS HEIGHTS, ILLINOIS
CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expenses:										
Governmental Activities:										
General government	\$ 3,766,117	\$ 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
Police and emergency services	7,235,307	6,425,898	7,631,698	6,072,819	6,462,128	8,485,331	7,293,695	6,532,287	6,514,299	5,856,452
Public works	3,052,998	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
Recreation and culture	3,281,511	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
Interest	302,772	313,601	350,497	367,727	380,775	401,484	417,703	433,167	416,120	384,395
Total Governmental Activities Expenses	17,638,705	16,410,603	16,730,375	14,795,032	14,445,500	17,188,370	15,981,767	15,312,979	14,840,370	14,220,685
Business-Type Activities:										
Waterworks and sewerage	9,158,534	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
Parking lot	29,856	7,786	5,779	5,663	10,825	45,604	29,897	71,961	28,872	7,574
Total Business-Type Activities Expenses	9,188,390	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
Total Primary Government Expenses	\$ 26,827,095	\$ 25,467,524	\$ 23,520,509	\$ 21,434,085	\$ 21,599,086	\$ 23,261,777	\$ 21,910,616	\$ 21,528,124	\$ 20,111,677	\$ 19,458,067
Program Revenues:										
Governmental Activities:										
Charges For Services:										
General government	\$ 1,608,252	\$ 1,144,957	\$ 1,019,927	\$ 984,481	\$ 983,080	\$ 988,306	\$ 959,010	\$ 1,322,879	\$ 888,883	\$ 1,355,366
Police and emergency services	84,315	81,222	416,311	189,725	613,297	678,823	732,105	410,973	387,605	440,247
Recreation and culture	1,442,070	1,553,099	1,340,851	988,774	342,514	1,232,649	1,268,539	1,162,422	916,804	819,044
Operating grants and contributions	1,133,665	661,668	1,500	1,703,780	-	-	-	-	-	14,598
Capital grants and contributions	929,798	1,750	63,505	171,266	795,303	79,297	86,662	101,420	83,511	3,498,169
Total Governmental Activities Program Revenues	5,198,100	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
Business-Type Activities:										
Charges For Services:										
Waterworks and sewerage	8,371,716	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
Parking lot	15,163	13,561	11,355	5,293	11,752	46,107	50,731	51,038	52,292	55,607
Capital grants and contributions	-	-	-	-	-	-	-	-	5,158	-
Total Business-Type Activities Program Revenues	8,386,879	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
Total Primary Government Program Revenues	\$ 13,584,979	\$ 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

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

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net (Expense) Revenue:										
Governmental activities	\$ (12,440,605)	\$ (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)
Business-type activities	(801,511)	(811,623)	599,605	809,281	210,875	1,033,393	1,206,044	1,044,166	1,326,150	1,287,210
Total Primary Government Net Expense	<u>(13,242,116)</u>	<u>(13,779,531)</u>	<u>(13,288,676)</u>	<u>(9,947,725)</u>	<u>(11,500,431)</u>	<u>(13,175,902)</u>	<u>(11,729,407)</u>	<u>(11,271,119)</u>	<u>(11,237,417)</u>	<u>(6,806,051)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
General Revenues:										
Taxes:										
Property	9,037,644	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
Utility	982,697	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
Business district sales	572,576	147,651	143,814	152,955	115,916	106,094	108,926	110,569	113,327	106,958
Intergovernmental	5,101,284	4,984,506	5,196,051	4,620,072	3,955,946	3,470,975	3,183,251	3,016,498	3,019,553	3,127,378
Gain from sale of capital assets	-	-	32,748	73,412	-	-	-	23,184	1,132	55,856
Investment income (loss)	970,440	741,521	115,958	29,004	90,649	262,187	183,623	19,302	117,066	(88,666)
Other income	767,408	673,086	1,134,161	1,211,006	907,509	1,061,857	915,909	974,165	1,172,394	704,405
Transfers	-	-	-	21,405	-	-	-	-	-	-
Total Governmental Activities	<u>17,432,049</u>	<u>16,507,717</u>	<u>16,115,811</u>	<u>14,909,785</u>	<u>13,309,298</u>	<u>13,287,355</u>	<u>12,316,166</u>	<u>11,611,934</u>	<u>11,611,153</u>	<u>10,618,886</u>
Business-Type Activities:										
General Revenues:										
Investment income	488,151	456,638	89,273	14,707	100,641	165,410	100,501	45,510	26,674	2,212
Gain from sale of capital assets	-	-	-	40,430	-	-	-	-	-	-
Other income	28,961	25,830	42,975	42,421	39,116	35,410	43,170	9,700	5,061	4,984
Transfers	-	-	-	(21,405)	-	-	-	-	-	-
Total Business-Type Activities	<u>517,112</u>	<u>482,468</u>	<u>132,248</u>	<u>76,153</u>	<u>139,757</u>	<u>200,820</u>	<u>143,671</u>	<u>55,210</u>	<u>31,735</u>	<u>7,196</u>
Total Primary Government	<u>17,949,161</u>	<u>16,990,185</u>	<u>16,248,059</u>	<u>14,985,938</u>	<u>13,449,055</u>	<u>13,488,175</u>	<u>12,459,837</u>	<u>11,667,144</u>	<u>11,642,888</u>	<u>10,626,082</u>
Changes in Net Position:										
Governmental activities	4,991,444	3,519,809	2,227,530	4,152,779	1,597,992	(921,940)	(619,285)	(703,351)	(952,414)	2,525,625
Business-type activities	(284,399)	(329,155)	731,853	885,434	350,632	1,234,213	1,349,715	1,099,376	1,357,885	1,294,406
Total Primary Government	<u>\$ 4,707,045</u>	<u>\$ 3,190,654</u>	<u>\$ 2,959,383</u>	<u>\$ 5,038,213</u>	<u>\$ 1,948,624</u>	<u>\$ 312,273</u>	<u>\$ 730,430</u>	<u>\$ 396,025</u>	<u>\$ 405,471</u>	<u>\$ 3,820,031</u>

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
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
2024	9,037,644	982,697	572,576	10,592,917

CITY OF PALOS HEIGHTS, ILLINOIS
FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund:										
Nonspendable	\$ -	\$ -	\$ 110,641	\$ 107,832	\$ -	\$ 195,793	\$ 108,908	\$ -	\$ -	\$ -
Unassigned	6,380,034	5,595,450	6,433,518	5,791,252	3,970,597	4,383,772	-	3,674,664	3,817,145	4,038,720
Total General Fund	<u>6,380,034</u>	<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>
All Other Governmental Funds:										
Restricted	6,725,305	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
Assigned	7,508,290	7,227,493	5,304,651	3,317,713	3,071,053	2,135,486	2,289,266	2,610,086	3,032,758	2,307,944
Total All Other Governmental Funds	<u>\$ 14,233,595</u>	<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>

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

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues:										
Taxes	\$ 10,592,917	\$ 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
Intergovernmental	5,101,284	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
Charges for services	245,066	266,991	384,408	386,038	328,131	416,024	411,831	411,883	408,175	475,846
Fees by agreement	1,078,135	1,194,879	1,026,246	752,758	311,029	959,110	979,796	880,689	634,863	555,699
Fines, forfeitures and penalties	508,569	325,065	416,311	189,725	613,297	678,823	732,105	410,973	381,864	440,247
Grants	1,301,470	80,234	916,895	1,023,156	795,303	8,987	86,662	101,420	83,511	197,542
Investment income (loss)	970,440	741,521	115,958	29,004	90,649	262,187	183,623	19,302	117,066	(88,666)
Licenses, permits and inspections	1,043,550	637,045	635,519	598,443	654,949	572,282	547,179	910,996	480,708	879,520
Swimming pool	352,824	352,545	314,605	236,016	31,485	273,539	288,743	281,733	281,941	263,345
Rental income	183,246	258,209	401,521	-	-	-	-	-	-	-
Other	1,252,648	1,000,814	732,640	1,211,006	907,509	1,061,857	915,909	974,165	1,178,135	702,014
Total Revenues	22,630,149	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
Expenditures:										
Current:										
General government	2,619,655	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
Public safety	7,852,358	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
Public works	1,399,004	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
Recreational department	2,723,489	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
Roads and construction	715,408	694,918	494,751	449,064	471,474	446,459	493,191	502,641	548,192	595,813
Debt Service:										
Principal retirement	404,012	736,406	685,301	576,613	539,161	424,149	416,911	413,754	211,109	20,818
Interest charges and fees	146,088	352,537	383,851	388,665	413,112	429,611	446,740	462,724	579,268	452,854
Capital outlay	4,043,295	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
Total Expenditures	19,903,309	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
Excess (Deficiency) of Revenues Over Expenditures	2,726,840	1,922,557	3,299,269	2,171,599	596,139	986,336	348,474	(500,541)	(4,321,138)	(2,111,290)
Other Financing Sources (Uses):										
Installment contract	141,442	-	98,738	41,758	-	-	-	-	181,419	-
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
Transfers in	1,805,938	3,113,571	2,613,881	829,515	1,444,568	741,228	715,794	1,274,147	1,289,093	983,639
Transfers out	(1,805,938)	(3,113,571)	(2,613,881)	(808,110)	(1,444,568)	(741,228)	(715,794)	(1,274,147)	(1,289,093)	(983,639)
Total Other Financing Sources (Uses)	141,442	-	138,688	156,013	93,937	57,500	34,500	31,000	271,319	6,682,173
Net Change in Fund Balances	\$ 2,868,282	\$ 1,922,557	\$ 3,437,957	\$ 2,327,612	\$ 690,076	\$ 1,043,836	\$ 382,974	\$ (469,541)	\$ (4,049,819)	\$ 4,570,883
Debt Service as a Percentage of Non-Capital Expenditures	3.32%	6.87%	6.87%	6.31%	6.66%	5.98%	6.09%	6.52%	6.15%	5.19%

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
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
2023	550,106,537	N/A	550,106,537	1,650,319,611	1.469

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

This is the most recent available data.

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

This is the most recent available data.

Source: Cook County, Illinois Tax Extension Division

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

DECEMBER 31, 2024

Taxpayer	2022			2013		
	Taxable Assessed	Rank	Percentage of Total District Taxable Assessed Value	Taxable Assessed	Rank	Percentage of Total Taxable Assessed Value
	Value *		Value	Value **		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.

This is the most recent available data.
Source: Office of the Cook County Clerk

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

DECEMBER 31, 2024

Tax levy year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Equalized assessed valuation	\$ 550,106,537	\$ 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
Tax rates (per \$100 of equalized assessed valuation):										
Park and recreation	0.1366	0.1584	0.1390	0.1312	0.1398	0.1439	0.1423	0.1678	0.1782	0.1845
Police pension	0.4508	0.5789	0.5747	0.5009	0.4884	0.4813	0.4028	0.3575	0.3390	0.2879
Social security and I.M.R.F.	0.1529	0.1729	0.1338	0.1173	0.1255	0.1256	0.1304	0.1657	0.1486	0.1348
Corporate	0.3431	0.4460	0.4548	0.4053	0.4375	0.4375	0.3785	0.4212	0.4375	0.4375
Police protection	0.2646	0.3073	0.2504	0.2315	0.2471	0.2509	0.2634	0.2946	0.2900	0.2414
Special recreation	0.0314	0.0408	0.0400	0.0371	0.0400	0.0400	0.0346	0.0385	0.0400	0.0400
Bond and interest	0.0896	0.1164	0.1128	0.1033	0.1113	0.1094	0.1065	0.1226	0.1279	-
Total Tax Rates	1.4690	1.8207	1.7055	1.5266	1.5896	1.5886	1.4585	1.5679	1.5612	1.3261
Rate Difference	(0.3517)	0.1152	0.1789	(0.0630)	0.0010	0.1301	(0.1094)	0.0067	0.2351	0.0901
Tax Extensions:										
Park and recreation	\$ 751,446	\$ 672,601	\$ 596,364	\$ 619,664	\$ 610,921	\$ 637,243	\$ 652,043	\$ 664,757	\$ 677,054	\$ 726,186
Police pension	2,479,880	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
Social security and I.M.R.F.	841,113	734,171	574,054	554,014	548,430	556,552	597,400	656,438	564,549	526,802
Corporate	1,887,416	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
Police protection	1,455,582	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
Handicapped fund	172,733	173,246	171,615	175,225	174,799	177,195	158,573	152,522	151,938	157,431
Bond and interest	492,895	494,260	483,956	487,891	486,377	484,667	487,922	485,693	485,920	-
Total Tax Extensions	\$ 8,081,065	\$ 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
Collections:										
Current	\$ 7,820,218	\$ 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
Subsequent	-	73,505	76,274	75,630	56,549	(9,749)	14,639	4,662	35,523	20,204
Total Collections	\$ 7,820,218	\$ 7,471,236	\$ 7,132,989	\$ 7,013,055	\$ 6,810,015	\$ 6,834,791	\$ 6,444,949	\$ 6,090,680	\$ 5,829,014	\$ 5,185,479
Percent Collected:										
Current	96.77%	96.64%	96.44%	96.22%	97.22%	97.26%	96.21%	97.97%	97.69%	99.04%
Subsequent	0.00%	0.95%	1.04%	1.05%	0.81%	-0.14%	0.22%	0.08%	0.60%	0.39%
Total Percent Collected	96.77%	97.59%	97.48%	97.27%	98.03%	97.12%	96.43%	98.05%	98.29%	99.43%

This is the most recent available data.

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

DECEMBER 31, 2024

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			
2024	\$ 3,927,061	\$ -	\$ 116,810	\$ 2,691,310	\$ -	\$ 6,735,181	1.25 %	\$ 558
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

(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⁾
2024	\$ 3,927,061	\$ (103,018)	\$ 3,824,043	0.23 %	317
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

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, 2024

<u>Overlapping Agencies</u>	<u>2022 Equalized Assessed Valuation</u>	<u>Outstanding Debt</u>	<u>Applicable to District</u>	
			<u>Percent (5)</u>	<u>Amount</u>
City of Palos Heights, direct debt	\$ 424,621,585	\$ 6,735,181 ⁽¹⁾	100.000 %	\$ 6,735,181
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>\$ 26,770,968</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.

This is the most recent available information.

CITY OF PALOS HEIGHTS, ILLINOIS
LEGAL DEBT MARGIN INFORMATION

DECEMBER 31, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Debt limit	\$ 47,446,689	\$ 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
Total net debt applicable to limit	4,043,871	4,323,058	4,682,804	4,937,965	5,338,596	5,792,924	6,240,991	6,497,766	7,026,942	7,209,639
Legal Debt Margin	\$ 43,402,818	\$ 32,300,554	\$ 32,321,786	\$ 35,798,354	\$ 32,352,334	\$ 32,414,784	\$ 33,283,336	\$ 27,671,070	\$ 25,734,624	\$ 26,736,484
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.52	11.80	12.65	12.12	14.61	15.16	15.79	19.02	21.45	21.24

%

Legal Debt Margin Calculation for Fiscal Year 2024:

Equalized assessed valuation of taxable property	\$ 550,106,537
Legal applicable rate	<u>0.08625</u>
Legal applicable limit	47,446,689
Less debt applicable to limit	<u>4,043,871</u>
Legal debt margin	<u>\$ 43,402,818</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, 2024

Fiscal Year	Pledged Revenue Collections	Debt Service		Coverage	
		Principal	Interest		
2024	\$ 620,873	\$ -	\$ -	-	%
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	

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	
2024	12,068	\$ 539,693	\$ 44,721	5.40 %	52.1	9,591	5,213	2,477
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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Function:										
Public safety - Police:										
Officers	28	27	28	29	29	29	27	28	27	29
Civilians	4	4	4	3	3	3	3	3	3	3
Public works	17	17	16	16	16	18	16	16	16	16
Recreation	8	8	8	8	8	7	7	6	7	6
Lake Katherine	4	4	4	4	4	4	4	4	3	3
General government	10	9	9	8	9	9	9	9	8	9
Motor vehicle maintenance	2	2	2	2	2	2	2	2	2	2
	<u>73</u>	<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>

Source: City records

CITY OF PALOS HEIGHTS, ILLINOIS
OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Function:	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Public Safety:										
Police Department:										
Arrests	246	243	248	152	193	295	534	439	564	625
Traffic violations	2,668	2,940	4,020	398	308	1,100	1,310	1,415	1,536	1,562
Compliance violations	540	563	566	573	376	1,250	1,661	1,687	1,036	1,465
Public Works:										
Streets resurfaced (in miles)	2	1.98	1.32	1.65	1.10	1.90	2.81	1.89	1.10	1.90
Building and Community Development:										
Building Permits Issued:										
Commercial	88	153	150	161	143	148	135	202	149	196
Residential	2,380	754	692	847	810	742	700	652	642	694
Building value	\$ 36,204,074	\$ 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
Number of dwelling units	5,059	5,059	5,059	5,058	5,058	5,058	5,057	5,057	5,057	5,057
Number of registered voters	9,719	9,719	9,817	9,745	9,745	9,423	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	5,178	5,177	5,177	5,177	5,176	5,176	5,176	5,176
Number of metered customers served by the combined waterworks and sewerage system	5,609	5,609	5,609	5,608	5,608	5,608	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	39	29	44	45	67	40	48	51	37	47
Average daily consumption (in 000's)	1,408	1,441	1,334	1,440	1,461	1,232	1,460	1,502	1,514	1,573
Gallons per customer	92	94	87	94	95	80	95	98	99	102
Gallons per capita	43	42	39	42	43	36	43	44	44	46
Total gallons purchased and pumped by the City (in 000's)	513,848	525,970	486,745	525,437	533,164	496,417	532,985	548,360	552,593	574,074
Total gallons billed (in 000's)	469,007	482,751	464,240	474,232	471,396	449,535	469,438	490,571	497,801	492,153

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

To the 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, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City, and have issued our report thereon dated December 30, 2025.

Report on Internal Control over Financial Reporting

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

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

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

2024-001: Segregation of Duties

Criteria – In a strong system of internal controls, it is desirable to have access to cash segregated from recordkeeping 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.

2024-002: Expense Reimbursements

Criteria – Expense reimbursements should conform to internal policies and should be accompanied by required supporting documentation.

Condition – Some expense reimbursements selected for testing did not conform to internal policies or did not have supporting documentation.

Cause – The City is not adhering to its policies and procedures for expense reimbursements in some instances.

Effect – Amounts were reimbursed that did not conform to the City's policy or that did not have proper support.

Recommendation – Reimbursements of expenses should be made only in accordance with the City's policy and should be accompanied by proper support.

Management's Response – Management agrees with the recommendation.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Palos Heights, Illinois' Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described above. The City's responses were 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
December 30, 2025