



**VILLAGE OF PALOS PARK, ILLINOIS**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
APRIL 30, 2020**

Prepared by:  
Finance Department

# VILLAGE OF PALOS PARK, ILLINOIS

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## **INTRODUCTORY SECTION**

This section includes miscellaneous data regarding the Village of Palos Park, including:

- List of Principal Officials
- Organizational Chart
- Letter of Transmittal
- GFOA Certificate of Achievement for Excellence in Financial Reporting



## VILLAGE OF PALOS PARK

PRINCIPAL OFFICIALS

April 30, 2020

JOHN F. MAHONEY

***Mayor***

MARIE ARRIGONI

***Village Clerk***

### BOARD OF COMMISSIONERS

**James Pavlatos** - *Commissioner of Accounts and Finance*

**Nicole Milovich-Walters** - *Commissioner of Public Works and Streets, and Recreation*

**Daniel Polk** - *Commissioner of Public Health and Safety*

**G. Darryl Reed** - *Commissioner of Building and Public Property*

### ADMINISTRATION

**Richard B. Boehm** - *Village Manager*

### DEPARTMENT DIRECTORS

**Barbara Maziarek** - *Finance Director / Treasurer \**

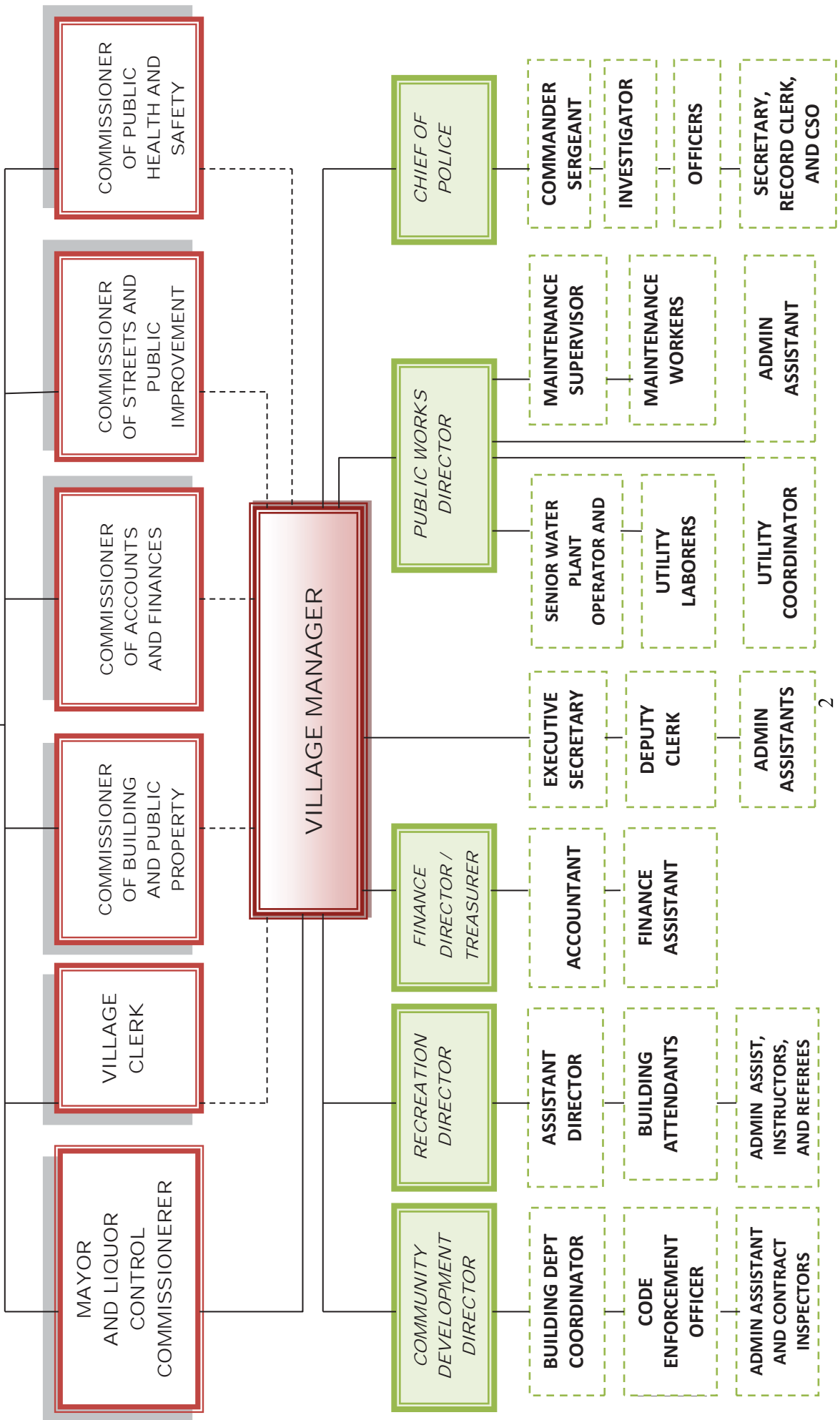
**Joseph Miller** - *Chief of Police*

**Michael Sibrava** - *Public Works Director*

**Lauren Pruss** - *Community Development Director*

\*Retired effective May 29, 2020. Replaced by Allen L. Altic, CPA.

VILLAGE RESIDENTS





October 5, 2020

VILLAGE OF  
**PALOS PARK**

To the Honorable John Mahoney, Village Commissioners, and  
Residents of the Village of Palos Park, Illinois:

JOHN F. MAHONEY  
Mayor

JAMES PAVLATOS  
Accounts & Finances

NICOLE MILOVICH-WALTERS  
Public Works & Streets, Recreation

DAN POLK  
Public Health & Safety

G. DARRYL REED  
Building & Public Property

MARIE ARRIGONI  
Village Clerk

RICHARD B. BOEHM  
Village Manager

The Comprehensive Annual Financial Report (CAFR) of the Village of Palos Park, Illinois (the Village) for the year ended April 30, 2020 is hereby submitted as mandated by both local ordinance and state statute. Illinois state statute requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accounts.

The Village's CAFR consists of management's representation concerning the finances of the Village. Consequently, responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Village. To the best of our 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 Village; and the Village as a whole, at the entity-wide level. All disclosures necessary to enable the reader to gain an understanding of the Village's financial activities have been included.

The Village's financial statements have been audited by Lauterbach & Amen, LLP, an independent firm of licensed Certified Public Accountants. The objective of the independent audit is to provide reasonable assurance that the financial statements of the Village for the fiscal year ended April 30, 2020 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The Village of Palos Park is pleased to report that the independent audit firm Lauterbach & Amen, LLP has issued an unmodified ("clean") opinion on the Village's financial statements for the year ended April 30, 2020. The independent auditor's report is located at the front of the financial section of this CAFR.

Village management is responsible for establishing and maintaining internal controls designed to safeguard Village assets from loss, theft, or misuse; as well as, ensuring that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The financial reporting entity (the government) includes all the funds and entity-wide accounting of the primary government (i.e., the Village of Palos Park as legally defined); as well as any component unit (currently none reported). The Police Pension Fund is reported as a fiduciary fund of the primary government.

### **PROFILE OF THE VILLAGE OF PALOS PARK**

The Village of Palos Park was incorporated on October 31, 1914 as a small town that mainly



served as a summer home and getaway destination for artists, nature enthusiasts, hikers, university professors, and even sharpshooters. Put simply, it was a destination for many seeking relief from the hustle and bustle of city life. The Village of Palos Park is a small residential suburb less than 15 miles southwest of the city limits of the City of Chicago. It is nestled among Cook County's largest single Forest Preserve (the Palos section). The Village's official population, according to the 2010 census, is

4,847. The Village expects this to increase, possibly to over 5,000 residents, once the official 2020 census is complete. The Village covers an area of 3.6 square miles, and is an upscale community that prides itself on its semi-rural character. It has developed high-quality residential neighborhoods in which 94.1% of the homes are owner-occupied. The population of the community is very stable; according to the 2010 Census, 72.8% of owners have been residents since 1989 or earlier. The median age of residents is 52.7 years with 27.9% of residents over 65 years old. Two important concerns of residents are the maintenance of property values, and the quality of life issues.

Palos Park does not fit the traditional stereotype of the well-to-do Chicago suburb that rose out of reclaimed corn fields with expanses of flat green lawns and large fences separating neighbors. Instead, each residence sits amongst the rolling hills of a moraine dug by ice age glaciers. The municipality is separated by Cook County Forest Preserves. Mature trees, long distances between houses, and frequent large street setbacks make it often difficult, if not impossible, to see homes from the street; space and trees is what separates most neighbors.

Ditches take the place of sidewalks and storm sewers in the Village, helping to replenish aquifers and further contributing to its distinctive character.

The Village of Palos Park is primarily a bedroom community; with 87.1% of its residents employed in professional-level positions. In addition, a majority of its employed residents commute into work, averaging 25 minutes of travel, with most presumably going into Chicago. Their commute traditionally has been by Interstate 55 (the Stevenson Expressway) or utilizing the Metra train departures at the Village's rail station. The Village prides itself on the high quality of its residential living and has historically been among the top Chicago area communities in per capita income.

Palos Park is a great place to work, live, and raise a family. The Village of Palos Park is dedicated to improving the delivery of its services; thereby, enhancing the quality of life for its residents and the operating environment for its businesses. The Village is proud to offer a broad range of services including police protection, construction and maintenance of streets and infrastructure, planning and zoning, building permit and inspection services, code enforcement, recreational and social events, storm water management, water and sewer services and other general government services.

Public education is provided through several local elementary and high school districts. Additionally, an abundance of community and four-year colleges and universities throughout the Chicago metropolitan area offer opportunities for higher learning. Library services are provided by the Palos Park Public Library. For fire protection services, residents are serviced by the Palos Park Fire Protection District. All of the aforementioned districts are separate legal standing entities and not fiscally dependent on the Village; hence they are excluded from being reported in this CAFR.

The Village is governed by the Commission form of government consisting of a Mayor and four Commissioners elected at large for four-year concurrent terms. Elected Commissioners are the legal department heads in the areas of Public Affairs (Mayor, by statute), Accounts and Finances, Public Health and Safety, Public Property and Building, and Streets and Public Improvements. The Village Clerk is also elected at large. The Village Council appoints, among others, the Village Manager, Village Attorney, and the Village Treasurer.

### **OVERVIEW OF THE LOCAL ECONOMY AND FINANCES**

The Mayor, Commissioners, and the Village staff are intent on maintaining the Village's strong financial condition, while continuing to provide the highest level of public services to its residents, business owners and visitors. The Village's financial position, as reflected in the financial statements presented in this report, is perhaps best understood when considered from the broader perspective of the environment within which the Village operates.

Despite being primarily a bedroom community, the Village offers an exciting mix of retail, restaurant and commercial space. The northeast corner of 131<sup>st</sup> Street and LaGrange Road supports many individual businesses, while the northwest corner is home to the Shoppes of Mill Creek, Mill Creek Center, and gas stations. Several retail stores and office buildings are

in the area around Southwest Highway and Route 83. Finally, establishments are located along 123<sup>rd</sup> Street, primarily between 80<sup>th</sup> Avenue and 86<sup>th</sup> Avenue.

During Fiscal Year 2020, Wu's House Japanese Restaurant made a big commitment to the Village in breaking ground on a new restaurant on the corner of LaGrange Road and 123<sup>rd</sup> Street. The site was the former location of Hackney's restaurant, a local chain that closed throughout the Chicagoland area a few years ago. Wu's House is expected to open sometime in the winter 2020/2021.



The largest employer in the community is the Holy Family Villa, a skilled nursing and rehabilitation facility. Another large employer in the Village as well as a strong sales tax provider is Jewel-Osco, located in the Shoppes at Mill Creek Shipping Center. Jewel-Osco is a locally based supermarket chain with hundreds of stores.

Immediately adjacent to the Village and providing a positive economic halo effect on the Village's economy are two large employers. The Palos Community Hospital (in Palos Heights) sits at the corner of 123<sup>rd</sup> Street and 80<sup>th</sup> Avenue and the Carl Sandburg High School (in Orland Park) lies across from the Shoppes of Mill Creek at 131<sup>st</sup> Street and LaGrange Road.

### **LONG-TERM FINANCIAL PLANNING AND RELEVANT FINANCE POLICIES**

The Village uses a number of processes and planning documents to accomplish its financial planning. The annual budget is the primary guiding document for the Village's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Village's governing body. Activities of the General Fund, Special Revenue Funds, Capital Projects Funds, Enterprise Funds, and Police Pension Fund are included in the annual budget. The level of budgetary control is established at the individual fund level.

Several tools are utilized for long-term financial planning, including five-year budget projections, and a five-year capital improvement plan for equipment and infrastructure. The Village has been annually updating a five-year budget as a means of identifying increases in expenditure levels for subsequent years. The five-year budget uses a five year financial forecast estimating annual revenues and annual expenditures for long term planning. Trends in revenue sources and expenditures will be identified and reviewed so quality assumptions may be made for the future fiscal health of the Village. This information will be utilized in creating a roadmap for Village operations, future capital improvement projects, and creating a financing plan for the Village's future.

The Village Council has in place several key written financial policies including a fund balance policy, capitalization policy, purchasing policy, capital equipment fund, and a finance and facilities plan. The General Fund policy for fund balance is to maintain fund balance equal to a minimum of 25% or three months of budgeted expenditures. The General Fund met (exceeded) this policy in Fiscal Year 2020 and is expected to meet this objective again in Fiscal Year 2021.

The Village continues to monitor the economic climate and its impact on the Village's finances and financial position. The current economic downturn caused by the COVID-19 pandemic has certainly brought financial challenges to the Village, as it has most communities throughout the World. Our diversified revenue structure as well as strong local economy has limited any significant negative financial impact. The Village has taken steps to reduce operating and capital expenses without causing any major reductions to service offerings. The Village continues to closely evaluate the economic impact of COVID-19.

### **AWARDS AND ACKNOWLEDGEMENTS**

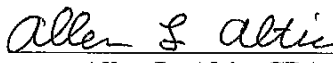
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Palos Park for its comprehensive annual financial report for the fiscal year ended April 30, 2019. This was the 21<sup>st</sup> consecutive year that the Village has received this prestigious award. In order to be awarded, the Village published an easily readable and efficiently organized Comprehensive Annual Financial Report, like the one you are currently reading.

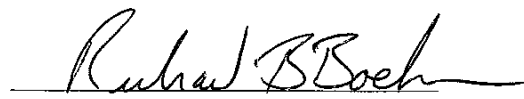
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this CAFR was made possible by the dedicated service of the entire finance department and Village staff. Our sincere appreciation is extended to each one of them for their daily contributions made throughout the year and which culminate in this report. Their conscious efforts to comply with the control structure and environment, and responding to the needs and requests of the finance department are sincerely acknowledged and recognized. In closing, without the leadership and support of the Mayor and Commissioners, preparation of this report would not have been possible.

Respectfully Submitted,

**VILLAGE OF PALOS PARK**

  
Allen L. Altic, CPA  
*Finance Director and Treasurer*

  
Richard B. Boehm  
*Village Manager*



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Village of Palos Park**  
**Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**April 30, 2019**

*Christopher P. Morrill*

Executive Director/CEO

## **FINANCIAL SECTION**

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information
- Supplemental Schedules

## **INDEPENDENT AUDITORS' REPORT**

This section includes the opinion of the Village's independent auditing firm.



## **INDEPENDENT AUDITORS' REPORT**

October 5, 2020

The Honorable Village Mayor  
Members of the Board of Commissioners  
Village of Palos Park, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Palos Park, Illinois, as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Palos Park, Illinois, as of April 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and budgetary information reported in the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Palos Park, Illinois' basic financial statements. The introductory section, other supplementary information, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 other supplementary information and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Lauterbach & Amen, LLP*  
LAUTERBACH & AMEN, LLP

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

**VILLAGE OF PALOS PARK, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2020**

The Village of Palos Park's Management Discussion and Analysis (MD&A) is designed to assist the reader in focusing on significant financial issues, and provides an overview of the Village's financial activity. In addition, it also helps to identify the following: 1) changes in the financial position; 2) material deviations from the financial plan; and 3) individual fund issues or concerns. This section of the Village of Palos Park's Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the Village's financial activities during the fiscal year ending April 30, 2020. The MD&A is designed to focus on the current year's activities; and should be read in conjunction with the Transmittal Letter at the front of this report, and the Village's financial statements which follow this section.

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**FINANCIAL HIGHLIGHTS**

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- ***Net position and performance in total*** – The Village's total net position at fiscal year-end was \$18,948,476 a decrease of \$909,002 during the year. Approximately half of this decrease, or \$391,795 was due to the effects of GASB Statements 68 and 75. The downturn in the economy as a result of COVID-19 and the subsequent lowering of the Federal Funds rate diminished investment returns measured at April 30<sup>th</sup> as well as caused a lowering of the discount rate used for GASB 68 and 75 liability measurement. The impact resulted in an increase in the Villages pension and OPEB liability measured at year end.
- ***Governmental activity summary*** – Net position for governmental activities decreased by \$421,617 during the year to \$1,100,088.
- ***Business-type activity summary*** – Net position for business-type activities decreased by \$487,385 during the year to \$17,848,388.
- ***General Fund summary*** – The Village's General Fund reported a decrease of \$176,992 in fund balance for the year to \$1,416,716. Revenues from sales tax, places for eating tax, recreational class enrollment revenue, as well as police department ticketing fines also experienced decreased performance starting in March 2020 as a result of COVID-19.
- ***Budget vs. Actual*** – The Village's actual revenues for the General Fund were more than budgeted revenues by \$70,066, while the actual expenditures were less than budgeted by \$35,276.
- ***Overall Financial Position*** – As a whole, the Village's overall financial position decreased slightly during the fiscal year, but still remains very strong.

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

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The Village's financial statements present two kinds of statements, each with a different view or perspective. Both views (government-wide and major fund) allow users to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government) and enhances accountability.

This discussion and analysis is intended to serve as an introduction to the Village of Palos Park's financial section of the CAFR. The financial section of the CAFR includes four components: 1) management's discussion and analysis; 2) the basic financial statements; 3) required supplementary information; and, 4)

additional supplementary information. The basic financial statements include two kinds of statements that present different views of the Village’s finances: government-wide financial statements and fund financial statements. The basic financial statements also include notes to the financial statements.

Government-wide financial statements provide both short and long-term information about the Village’s overall financial status. Fund financial statements focus on individual parts of the Village government, reporting Village operations in more detail than the government-wide financial statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by the required supplementary information section that further explains and supports the information in the financial statements. In addition to all of the required financial statement elements, we have provided sections for combining statements to provide detail on non-major funds, additional supplementary information, and statistical information.

The following table summarizes the major features of the Village’s financial statements.

DESCRIPTION	FUND STATEMENTS			
	GOVERNMENT-WIDE STATEMENTS	GOVERNMENTAL FUNDS	PROPRIETARY FUNDS	FIDUCIARY FUNDS
Scope	Entire Village government (except fiduciary funds) and the Village’s component unit.	Activities of the Village that are not proprietary or fiduciary; such as public safety.	Activities the Village operates similar to private business; such as the water and sewer systems.	Activities in which the Village is trustee or agent of another’s resources; such as pension plans.
Required financial statements	- Statement of Net Position - Statement of Activities	- Balance Sheet - Statement of Revenues, Expenditures, and Changes in Fund Balances	- Statement of Net Position - Statement of Revenues, Expenses, and Changes in Net Position - Statement of Cash Flows	- Statement of Fiduciary Net Position - Statement of Changes in Fiduciary Net Position
Accounting basis	Accrual	Modified Accrual	Accrual	Accrual
Measurement focus	Economic resources	Current financial resources	Economic resources	Economic resources
Type of asset and liability information	All assets and liabilities; both financial and capital, short and long-term.	Assets expected to be used and liabilities that come due during the year or shortly thereafter; no capital assets.	All assets and liabilities; both financial and capital, short and long-term.	All assets and liabilities; both short and long-term. Does not currently contain capital assets.
Type of inflow and outflow information	All revenues and expenses during the year regardless of when cash is received or paid.	Revenues for which cash is received during the year or shortly thereafter; expenditures for goods or services that have been received and payment is due during the year or shortly thereafter.	All revenues and expenses during the year regardless of when cash is received or paid.	All revenues and expenses during the year regardless of when cash is received or paid.

## ***GOVERNMENT-WIDE STATEMENTS***

The government-wide financial statements are designed to emulate the corporate-like sector in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government. The focus of the Statement of Net Position (the “Unrestricted Net Position”) is designed to disclose bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates governmental fund’s current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government’s general taxes and other resources. This is intended to summarize and simplify the user’s analysis of the cost of various governmental services and/or subsidy to various business-type activities.

The governmental activities reflect the Village’s basic services, including administration, financial services, police, recreation, public works, and zoning. Property taxes, local utility taxes, telecommunications taxes, and shared state tax distributions finance the majority of these services. The business-type activities reflect private sector type operations, where the fee for service typically covers all or most of the cost of operation, including depreciation.

## ***FUND FINANCIAL STATEMENTS***

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus of these fund financial statements is on major funds, rather than fund types.

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

Proprietary funds account for services that are generally fully supported by user fees charged to customers. Proprietary funds are presented on a total economic resources basis. Proprietary fund statements, like government-wide statements, provide both short and long-term financial information.

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

While the total column on the business-type fund financial statements is the same as the business-type column on the government-wide financial statement, the governmental funds total column requires reconciliation because of the different measurement focus (current financial resources/modified accrual versus total economic resources/full accrual), which is reflected on the page following each statement. The flow of current financial resources will reflect bond proceeds, proceeds from sales of capital assets, and interfund transfers as other financing sources; as well as, capital outlay expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the governmental activities column in the government-wide financial statements.

## FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

### STATEMENT OF NET POSITION

Net position may serve over time as a useful indicator of a government's financial position and well-being. In the case of the Village, assets/deferred outflows exceeded liabilities/deferred inflows by \$18,948,476. The following table reflects the condensed Statement of Net Position as of April 30, 2020 and 2019. For more detailed information see the Statement of Net Position.

#### STATEMENT OF NET POSITION FOR FISCAL YEARS 2020 AND 2019

	<i>Governmental Activities 2020</i>	<i>Governmental Activities 2019</i>	<i>Business- Type Activities 2020</i>	<i>Business- Type Activities 2019</i>	<i>Total Primary Government 2020</i>	<i>Total Primary Government 2019</i>
<b>Assets:</b>						
<i>Current and Other</i>						
<i>Assets</i>	\$ 4,157,043	\$ 3,695,309	\$ 3,642,507	\$ 3,497,279	\$ 7,799,550	\$ 7,192,588
<i>Capital Assets</i>	4,287,163	4,440,843	15,790,296	16,664,054	20,077,459	21,104,897
<b>Total Assets</b>	<b>\$ 8,444,206</b>	<b>\$ 8,136,152</b>	<b>\$ 19,432,803</b>	<b>\$ 20,161,333</b>	<b>\$ 27,877,009</b>	<b>\$ 28,297,485</b>
<i>Deferred Outflows of Resources</i>	\$ 1,651,572	\$ 1,327,997	\$ 83,706	\$ 245,718	\$ 1,735,278	\$ 1,573,715
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 10,095,778</b>	<b>\$ 9,464,149</b>	<b>\$ 19,516,509</b>	<b>\$ 20,407,051</b>	<b>\$ 29,612,287</b>	<b>\$ 29,871,200</b>
<b>Liabilities:</b>						
<i>Other Liabilities</i>	\$ 886,897	\$ 581,486	\$ 239,039	\$ 407,853	\$ 1,125,936	\$ 989,339
<i>Long-Term Liabilities</i>	6,387,855	5,754,637	1,298,303	1,617,419	7,686,158	7,372,056
<b>Total Liabilities</b>	<b>\$ 7,274,752</b>	<b>\$ 6,336,123</b>	<b>\$ 1,537,342</b>	<b>\$ 2,025,272</b>	<b>\$ 8,812,094</b>	<b>\$ 8,361,395</b>
<b>Unearned Revenue:</b>						
<i>Unavailable Revenue</i>	\$ 1,720,938	\$ 1,606,321	\$ 130,779	\$ 46,006	\$ 1,851,717	\$ 1,652,327
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 8,995,690</b>	<b>\$ 7,942,444</b>	<b>\$ 1,668,121</b>	<b>\$ 2,071,278</b>	<b>\$ 10,663,811</b>	<b>\$ 10,013,722</b>
<b>Net Position:</b>						
<i>Net Investment in Capital Assets</i>	\$ 4,047,163	\$ 4,165,843	\$ 14,740,296	\$ 15,454,054	\$ 18,787,459	\$ 19,619,897
<i>Restricted</i>	400,144	890,713	-	-	400,144	890,713
<i>Unrestricted</i>	(3,347,219)	(3,534,851)	3,108,092	2,881,719	(239,127)	(653,132)
<b>TOTAL NET POSITION</b>	<b>\$ 1,100,088</b>	<b>\$ 1,521,705</b>	<b>\$ 17,848,388</b>	<b>\$ 18,335,773</b>	<b>\$ 18,948,476</b>	<b>\$ 19,857,478</b>

### ***CURRENT YEAR IMPACT – NET POSITION***

The Village's overall total net position was \$18,948,476 at April 30, 2020, a decrease of \$909,002 or 5%. The largest portion of the Village's net position - comprising \$18,787,459 - reflects its investment in capital assets (e.g. - land, equipment, vehicles, infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, they are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to pay off the debt.

Total unrestricted net position of \$5,416,633, which excludes the \$5,655,760 effects of GASB 68 and 75, may be used to meet the Village's ongoing obligation to citizens and creditors. Total unrestricted net position excluding the effects of GASB 68 and 75 increased \$868,252 or 19% over the prior year. The remaining \$400,144, or 2%, of the total net position, represents resources that are subject to restriction as to their use. Total restricted net position decreased \$490,569 or 55%.

The net position of business type activities was \$17,848,388 at April 30, 2020, a decrease of \$487,385 or 3%. Unrestricted net position, available to finance the continuing operations of the business-type activities was \$3,108,092. Business-type activities include water, sewer, solid waste (refuse and recycling), and commuter parking lot services. The Village's two largest Business Type-Enterprise Funds are the Water and Sewer Maintenance funds. The unrestricted net position of the Water Fund was \$1,732,490 at April 30, 2020. The unrestricted net position of the Sewer Maintenance Fund was \$1,231,077 at April 30, 2020.

### ***NORMAL IMPACTS – NET POSITION***

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

1. ***Net Results Of Activities*** – Impacts (increases/decreases) current assets and unrestricted net position.
2. ***Borrowing For Capital*** – Increases current assets and long-term debt.
3. ***Spending Borrowed Proceeds on New Capital*** – Reduces current assets and increases capital assets. Also, an increase in invested in capital assets and an increase in related net debt will not change the net investment in capital assets.
4. ***Spending Of Non-borrowed Current Assets On New Capital*** – (a) Reduces current assets and increases capital assets, and (b) reduces unrestricted net position and increases net investment in capital assets.
5. ***Principal Payment On Debt*** – (a) Reduces current assets and reduces long-term debt; and, (b) reduces unrestricted net position and increases net investment in capital assets.
6. ***Reduction Of Capital Assets Through Depreciation*** – Reduces capital assets and net investment in capital assets.

## STATEMENT OF CHANGES IN NET POSITION

The following table presents a condensed summary of Changes in Net Position for the current fiscal year; as well as, the previous fiscal year.

### CHANGES IN NET POSITION FOR FISCAL YEARS 2020 AND 2019

	<b>Governmental Activities 2020</b>	<b>Governmental Activities 2019</b>	<b>Business- Type Activities 2020</b>	<b>Business- Type Activities 2019</b>	<b>Total Primary Government 2020</b>	<b>Total Primary Government 2019</b>
<b>REVENUES</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 793,842	\$ 824,088	\$ 2,877,065	\$ 2,878,618	\$ 3,670,907	\$ 3,702,706
Operating Grants	191,362	123,039	-	-	191,362	123,039
<b>General Revenues:</b>						
Property Taxes	1,450,299	1,422,799	-	-	1,450,299	1,422,799
Sales Taxes	1,064,384	1,057,010	-	-	1,064,384	1,057,010
Utility Taxes	393,704	445,823	-	-	393,704	445,823
Income Taxes	525,339	470,590	-	-	525,339	470,590
Other	180,041	210,148	-	-	180,041	210,148
Investment Income	34,575	47,291	1,961	2,337	36,536	49,628
Gain on Sale of Capital Assets		-	-	-	-	-
Other	413,513	545,541	135,931	67,516	549,444	613,057
<b>Total Revenues</b>	<b>5,047,059</b>	<b>5,146,329</b>	<b>3,014,957</b>	<b>2,948,471</b>	<b>8,062,016</b>	<b>8,094,800</b>
<b>EXPENSES</b>						
General Government	713,486	698,093	-	-	713,486	698,093
Public Safety	2,976,891	2,560,411	-	-	2,976,891	2,560,411
Public Works	742,161	1,207,602	-	-	742,161	1,207,602
Building and Public Grounds	549,323	549,017	-	-	549,323	549,017
Culture and Recreation	474,916	467,237	-	-	474,916	467,237
Water	-	-	2,197,314	2,258,454	2,197,314	2,258,454
Sewer	-	-	831,967	886,842	831,967	886,842
Solid Waste	-	-	387,281	360,784	387,281	360,784
Commuter Lot	-	-	85,780	90,327	85,780	90,327
Interest	11,899	13,227	-	-	11,899	13,227
<b>Total Expenses</b>	<b>5,468,676</b>	<b>5,495,587</b>	<b>3,502,342</b>	<b>3,596,407</b>	<b>8,971,018</b>	<b>9,091,994</b>
<b>Change in Net Position Before Transfers</b>	<b>(421,617)</b>	<b>(349,258)</b>	<b>(487,385)</b>	<b>(647,936)</b>	<b>(909,002)</b>	<b>(997,194)</b>
<b>Transfers</b>		175,000		(175,000)	-	-
<b>Change in Net Position</b>	<b>(421,617)</b>	<b>(174,258)</b>	<b>(487,385)</b>	<b>(822,936)</b>	<b>(909,002)</b>	<b>(997,194)</b>
<b>Beginning Net Position As Restated</b>	<b>1,521,705</b>	<b>1,695,963</b>	<b>18,335,773</b>	<b>19,158,709</b>	<b>19,857,478</b>	<b>20,854,672</b>
<b>Ending Net Position</b>	<b>\$ 1,100,088</b>	<b>\$ 1,521,705</b>	<b>\$ 17,848,388</b>	<b>\$ 18,335,773</b>	<b>\$ 18,948,476</b>	<b>\$ 19,857,478</b>

## ***CURRENT YEAR IMPACTS – CHANGES IN NET POSITION***

### ***Governmental Activities***

Overall total revenues for governmental activities in Fiscal Year 2020 totaled \$5,047,059, a decrease of \$99,270 or 2%. Most revenues remained flat from the prior year. The largest increase was seen in income tax revenue, which increased \$54,749 or 10% in Fiscal Year 2020. The largest decrease in Fiscal Year 2020 was Utility Taxes, which decreased \$52,119 or 13%.

Expenses for governmental activities totaled \$5,468,676 in Fiscal Year 2020, a decrease of \$26,911 or less than 1%. Public Safety expenses increased \$416,480 or 14% from the prior year primarily due to increases in wages and benefit costs. Public works expense decreased \$465,441 or 63% from the prior year primarily due to changes in the allocation of pension expense, specifically IMRF.

### ***Business-Type Activities***

Revenue from business-type activities totaled \$3,014,957 for Fiscal Year 2020, an increase of \$66,486 or 2% from the prior year. Other revenues (non-operational revenue) increased \$68,415, or 101% from the prior year. Revenue from charges for services remained flat at \$2,877,065 for Fiscal Year 2020 compared to \$2,878,618 in the prior year. Rate increases on both water and sewer consumption were met with offsetting decreases in overall daily water consumption by users.

Expenses for business-type activities totaled \$3,502,342 for Fiscal Year 2020, a decrease of \$94,065 or 3%. In the fiscal year 2020, water services operational expenses decreased by \$61,140 or 3%, to \$2,197,314. Sewer operational expenses decreased \$54,873, or 6%, to \$831,967. The Commuter Lot Fund operating expenses decreased \$4,547 or 5%, to \$85,780. The Refuse and Recycling Fund ended Fiscal Year 2020 with total expenses of \$387,281, an increase of \$26,497 or 7%.

## ***NORMAL IMPACTS – CHANGES IN NET POSITION***

Reflected below are nine common (basic) impacts on revenues and expenses.

- ***Economic Condition*** – Reflects a declining, stable, or growing economic environment and has a substantial impact on state income, sales, telecommunications, and utility tax revenues; as well as, public spending habits for items, such as: building permits and elective user fees including volumes of usage.
- ***Increase/Decrease In Village Approved Rates*** – While certain tax rates are set by statute, the Village Council has authority to impose and periodically increase/decrease rates (water, sewer, building permit fees, vehicle stickers, etc.) The Village's property taxes are subject to tax caps which generally limit Village increases to the lesser of Consumer Price Index (1.90% for the 2018 levy) or 5.0%; plus any growth gained through development or redevelopment.
- ***Changing Patterns Of Intergovernmental And Grant Revenue (both recurring and non-recurring)*** – Certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.
- ***Market Impacts On Investment Income*** – The Village's investment portfolio is managed with an approach utilizing competitive pricing, laddered maturities up to one year for term investments, and

diversity of investments. Market conditions may cause investment income to fluctuate more than would occur with more short-term composition.

- **Changes In Programs** – Within the functional expense categories (General Government, Public Safety, Public Works, etc.), individual programs may be added, deleted, or expanded to meet changing community needs.
- **Changes In Authorized Personnel** – Changes in service demand may cause the Village Council to increase/decrease authorized staffing.
- **Salary Increases (annual adjustments and step increases)** – The ability to attract and retain human and intellectual resources requires the Village to strive to maintain a competitive salary range position in the marketplace.
- **Inflation** –The Village is a major consumer of certain commodities and services which typically experience inflation at a rate that can be significantly difference from CPI; for example, insurance, fuel, electricity, and operating services.
- **Unfunded Mandates and Imposed Fees** – Over the years there have been many unfunded mandates and fee impositions that have hit municipalities. The Village is impacted by unfunded mandates imposed by federal, state, and local governments; as well as, regulatory agencies. These unfunded mandates can generate additional expenses without compensating revenues.

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## FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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For the fiscal year ending April 30, 2020, the governmental funds reflect a combined fund balance of \$2,632,040 which is an increase of \$166,030 or 7% from the prior year. The General Fund ending fund balance at April 30, 2020 was \$1,416,716, which is a decrease of \$176,992 or 11%. A healthy fund balance is sufficient to allow for short-term cash flow fluctuations and a fund balance assignment for working cash. Additionally, a healthy General Fund balance ensures that the Village has sufficient reserves to cover planned upcoming expenditures, continued commitments to projects set aside for funding in the FY21 budget per the Village's finance plan, and impacts that could arise over several years of a potential extended economic downturn or diminishment in revenues impacted by the State of Illinois. The Village's fund balance previously stated of \$1,416,716, represents 30% of the Village's General Fund expenditures for FY20. This percentage is over the Village's policy of three months or a 25% reserve of the General Fund expenditure budget in the fund balance.

Total revenues for the General Fund for Fiscal Year 2020 totaled \$4,581,007. Total revenue decreased \$101,688, or 2% from prior year. Fine and forfeiture revenue, tax revenue, charges for services, as well as license and permit revenue all experienced small declines in total revenues in Fiscal Year 2020 compared to the prior year. Notable differences between the budget and actual numbers for Revenues, Expenditures, and Other Financing Sources are explained in the table below.

Operating expenditures increased in Fiscal Year 2020 to \$4,647,278 or \$207,358 more than the prior fiscal year. General Fund expenditures were \$35,276 more than budgeted in the fiscal year. Operating expenditures were more than the prior fiscal year as result of increased wages, benefits, insurance and contractual services. Public Safety also noted higher expenditures for wages, benefits, insurance, legal fees, and commodities services. Public Works noted higher expenditures for wages and contractual services. Building noted higher wages, benefits, and contractual expenditures. Public Grounds noted higher contractual service expenditures. Recreation noted higher benefit costs, but otherwise experienced overall lowed operating expenditures compared to prior year by \$13,673.

## GENERAL FUND BUDGETARY HIGHLIGHTS

<i>General Fund</i>	<i>FY20 Budget</i>	<i>FY20 Actual</i>	<i>FY19 Actual</i>	<i>FY18 Actual</i>	<i>FY17 Actual</i>	<i>FY16 Actual</i>
<i>Revenues:</i>						
<i>Taxes</i>	2,094,025	2,024,044	2,078,770	1,969,093	1,916,050	\$ 2,026,927
<i>Licenses &amp; Permits</i>	429,700	407,059	411,870	409,710	426,234	503,771
<i>Intergovernmental</i>	1,347,094	1,404,233	1,316,883	1,245,093	1,240,777	1,141,231
<i>Other</i>	780,254	745,671	875,152	759,385	746,062	745,860
<b><i>Total</i></b>	<b>4,651,073</b>	<b>4,581,007</b>	<b>4,682,675</b>	<b>4,383,281</b>	<b>4,329,123</b>	<b>4,417,789</b>
<i>Expenditures:</i>						
<i>Current</i>	(4,537,002)	(4,639,178)	(4,435,014)	(4,286,513)	(4,263,072)	(4,545,059)
<i>Capital Outlay</i>	(75,000)	(8,100)	(4,906)	(37,535)	(46,909)	(33,343)
<i>Debt Service</i>	-	-	-	-	-	-
<b><i>Total</i></b>	<b>(4,612,002)</b>	<b>(4,647,278)</b>	<b>(4,439,920)</b>	<b>(4,324,048)</b>	<b>(4,309,981)</b>	<b>(4,578,402)</b>
<i>Other Financing Sources (Uses)</i>						
<i>Transfers In</i>	-	-	-	-	-	80,000
<i>Transfers Out</i>	(24,000)	(110,721)	-	(26,657)	(46,737)	(157,231)
<i>Issuance of Installment Notes</i>	-	-	-	-	-	-
<i>Proceeds from Sale of Assets</i>	-	-	-	-	-	5,218
<b><i>Total</i></b>	<b>(24,000)</b>	<b>(110,721)</b>	<b>-</b>	<b>(26,657)</b>	<b>(46,737)</b>	<b>(72,013)</b>
<b><i>Net Change in Fund Balance</i></b>	<b><u>\$ 15,071</u></b>	<b><u>\$ (176,992)</u></b>	<b><u>\$ 242,755</u></b>	<b><u>\$ 32,576</u></b>	<b><u>\$ (27,595)</u></b>	<b><u>\$ (232,626)</u></b>

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## CAPITAL ASSETS AND DEBT ADMINISTRATION

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### *Capital Assets*

At the end of Fiscal Year 2020, the Village had a total of capital assets in the amount of \$20,077,459; invested in a broad range of capital assets including land, land improvements, buildings, vehicles, machinery and equipment, furniture and fixtures, streets, water mains, storm sewers, and sanitary sewer lines.

Major capital activity during the year included the purchase of a new police squad vehicle by the General Fund. The Water Fund and Sewer Maintenance Fund purchased a new Nissan Cargo Van and upgraded the SCADA server system.

For more detailed information on capital assets, refer to Notes to Financial Statements #3: *Capital Assets* in the basic financial statements.

## CHANGES IN NET CAPITAL ASSETS

	<i>Beginning Balance May 1, 2019</i>	<i>Additions/ Deletion</i>	<i>Ending Balance April 30, 2020</i>
<b><i>Non-Depreciable Assets</i></b>			
<i>Land</i>	\$ 1,729,988	\$ -	\$ 1,729,988
<b><i>Depreciable Capital Assets</i></b>			
<i>Buildings and Improvements</i>	4,432,686	-	4,432,686
<i>Equipment and Vehicles</i>	1,351,988	68,967	1,420,955
<i>Land Improvements</i>	21,356	-	21,356
<i>Water Distribution System</i>	18,578,321	35,750	18,614,071
<i>Sewer Distribution System</i>	17,307,320	(6,595)	17,300,725
<i>Accumulated Depreciation on Capital Assets</i>	(22,316,762)	(1,125,560)	(23,442,322)
<b>TOTAL</b>	<b>\$ 21,104,897</b>	<b>\$ (1,027,438)</b>	<b>\$ 20,077,459</b>

### ***Debt Outstanding***

At year end, the Village of Palos Park had the following debt outstanding:

- In the fall of 2006, the Village issued a \$570,000 installment contract for the purchase of property for a park. As of April 30, 2020, the balance was \$240,000.
- In Fiscal Year 2005, the Village issued \$450,000 Series 2004 General Obligation Alternate Revenue Bonds for the extension of water and sewer along certain areas of LaGrange Road and the area of 131st Street and Wolf Road. In FY06, the Village issued \$450,000 Series 2005 General Obligation Alternate Revenue Bonds for the 94th Ave./Rod Estates/Munch Subdivision. In both cases the property taxes on these bonds have been abated annually and the bonds repaid with water and sewer revenues. As of April 30, 2020, these bonds have been paid in full.
- In Fiscal Year 2010, the Village issued \$1,750,000 Series 2010 General Obligation Alternative Revenue Bonds to finance the construction of an underground reservoir. The principal balance as of April 30, 2020 was \$1,050,000.
- The Village maintains a high quality credit rating of Aa3 by Moody's Investor Services.

The Village is also the paying agent for several special assessment bonds. These bonds are an obligation of the associated special assessment district residents as enforceable liens and are not an obligation of the Village. Therefore, those debts are not a liability of the Village of Palos Park. All special assessment bonds have been paid in full as of April 30, 2020.

The Village's total legal general obligation debt limit is \$20,773,072. The Village's total general obligation debt applicable to this limit of \$240,000 is well within the limit. See Notes to Financial Statements #3: *Long-Term Debt* for additional information regarding the long-term debt of the Village.

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## ECONOMIC FACTORS

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The Village is primarily residential in nature with commercial enterprises sprinkled in the community. The Village's personal income, per capita personal income as well as unemployment rate rank favorably compared to Cook County and State of Illinois averages. The economic strength of the community allows the Village to be less susceptible to economic fluctuations.

The Village is proud of its robust and diversified revenue base. In Fiscal Year 2020 the Village's largest single source of revenue, property taxes, represents only 32% of total revenues. A similar breakdown was achieved in the prior year. The Village's 2019 tax year equalized assessed value (EAV) for property taxes payable in calendar year 2020 was \$240,847,217 as compared to the 2018 EAV of \$244,916,507. The overall decrease in EAV is reflective of what is happening in many communities in the Chicagoland region. Despite declines in overall EAV, property taxes within the Village's corporate limits continue to provide a stable revenue source.

The Village's elected officials and department directors considered many factors when preparing the annual budget, adopting the property tax levy, and setting fees that will be charged for its governmental and business-type activities. The economic factors taken into account, or considered include but are not limited to interest rates, inflation, credit rates, and overall strength of the regional economy and financial stability of the State of Illinois.

In March 2020, the President of the United States declared COVID-19 pandemic a national emergency. Illinois Governor J. B. Pritzker also issued a disaster proclamation to respond to the pandemic. The State of Illinois immediately took measures to halt the spread of the virus by closing all schools and colleges, ordering all bars and restaurants closed to sit-in diners, closing non-essential businesses, as well as many other actions. By the middle of June, the State relaxed some restrictions, but many still exist to varying degrees.

The Village has seen a small impact by the economic downturn as a result of the COVID-19 virus as evidenced by a decrease in places for eating tax, sales tax, state shared revenues, as well as fines and forfeitures revenue. The Village immediately put in to place actions to reduce expenses. Such actions have consisted of delaying hiring of open positions, halting certain capital purchases to only those most critical, limiting overtime to critical circumstances, and reducing certain operational expenses. The Village is very fortunate to have a healthy reserve and has so far seen a limited impact to General Fund fund balance.

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## CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. This report and others may be found on the Village's website at [www.palospark.org](http://www.palospark.org). Questions concerning this report or requests for additional financial information should be directed to:

**Allen Altic, CPA**  
Finance Director/Treasurer  
Village of Palos Park  
8999 W. 123rd Street  
Palos Park, Illinois 60464

## **BASIC FINANCIAL STATEMENTS**

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Statement of Net Position  
April 30, 2020**

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**See Following Page**

**VILLAGE OF PALOS PARK, ILLINOIS**

**Statement of Net Position  
April 30, 2020**

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 2,884,749	3,240,785	6,125,534
Receivables - Net of Allowances	1,029,194	392,678	1,421,872
Due from Other Governments	14,376	-	14,376
Prepays	228,724	9,044	237,768
Total Current Assets	4,157,043	3,642,507	7,799,550
Noncurrent Assets			
Capital Assets			
Nondepreciable	1,709,988	20,000	1,729,988
Depreciable	5,508,872	36,280,921	41,789,793
Accumulated Depreciation	(2,931,697)	(20,510,625)	(23,442,322)
Total Noncurrent Assets	4,287,163	15,790,296	20,077,459
Total Assets	8,444,206	19,432,803	27,877,009
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Items - IMRF	178,540	83,706	262,246
Deferred Items - SLEP	29,232	-	29,232
Deferred Items - Police Pension	1,443,800	-	1,443,800
Total Deferred Outflows of Resources	1,651,572	83,706	1,735,278
Total Assets and Deferred Outflows of Resources	10,095,778	19,516,509	29,612,287

The notes to the financial statements are an integral part of this statement.

	Governmental Activities	Business-Type Activities	Totals
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 417,012	118,495	535,507
Accrued Payroll	52,680	7,034	59,714
Accrued Interest	4,280	18,079	22,359
Other Payables	325,000	1,650	326,650
Current Portion of Long-Term Liabilities	87,925	93,781	181,706
Total Current Liabilities	<u>886,897</u>	<u>239,039</u>	<u>1,125,936</u>
Noncurrent Liabilities			
Compensated Absences Payable	211,698	35,125	246,823
Net Pension Liability - IMRF	509,175	238,717	747,892
Net Pension Liability - SLEP	28,273	-	28,273
Net Pension Liability - Police Pension	5,231,002	-	5,231,002
Total OPEB Liability - RBP	202,707	59,461	262,168
General Obligation Bonds/Debt Certificates	205,000	965,000	1,170,000
Total Noncurrent Liabilities	<u>6,387,855</u>	<u>1,298,303</u>	<u>7,686,158</u>
Total Liabilities	<u>7,274,752</u>	<u>1,537,342</u>	<u>8,812,094</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	730,311	-	730,311
Deferred Items - IMRF	278,944	130,779	409,723
Deferred Items - SLEP	52,870	-	52,870
Deferred Items - Police Pension	658,813	-	658,813
Total Deferred Inflows of Resources	<u>1,720,938</u>	<u>130,779</u>	<u>1,851,717</u>
Total Liabilities and Deferred Inflows of Resources	<u>8,995,690</u>	<u>1,668,121</u>	<u>10,663,811</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	4,047,163	14,740,296	18,787,459
Restricted - IMRF	2,905	-	2,905
Restricted - Special Events	60	-	60
Restricted - Beautification	2,739	-	2,739
Restricted - Highways and Streets	316,264	-	316,264
Restricted - Police Forfeiture	41,188	-	41,188
Restricted - Exaction Fees	36,988	-	36,988
Unrestricted (Deficit)	<u>(3,347,219)</u>	<u>3,108,092</u>	<u>(239,127)</u>
Total Net Position	<u>1,100,088</u>	<u>17,848,388</u>	<u>18,948,476</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Statement of Activities  
For the Fiscal Year Ended April 30, 2020**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
<b>Governmental Activities</b>				
General Government	\$ 713,486	407,059	12,500	-
Public Safety	2,976,891	187,415	-	-
Public Works	742,161	-	178,862	-
Building and Public Grounds	549,323	-	-	-
Culture and Recreation	474,916	199,368	-	-
Interest on Long-Term Debt	11,899	-	-	-
<b>Total Governmental Activities</b>	<b>5,468,676</b>	<b>793,842</b>	<b>191,362</b>	<b>-</b>
<b>Business-Type Activities</b>				
Water	2,197,314	1,925,784	-	-
Sewer Maintenance	831,967	485,401	-	-
Refuse and Recycling	387,281	370,396	-	-
Commuter Parking Lot	85,780	95,484	-	-
<b>Total Business-Type Activities</b>	<b>3,502,342</b>	<b>2,877,065</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>8,971,018</b>	<b>3,670,907</b>	<b>191,362</b>	<b>-</b>

General Revenues  
 Taxes  
   Property  
   Local Sales  
   Utility  
   Other Taxes  
 Intergovernmental - Unrestricted  
   State Sales Tax  
   State Income Tax  
 Interest  
 Miscellaneous  
 Transfers - Internal Activity

Change in Net Position  
 Net Position - Beginning  
 Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Primary Government		
Net (Expense)/Revenue		
Governmental Activities	Business-Type Activities	Totals
(293,927)	-	(293,927)
(2,789,476)	-	(2,789,476)
(563,299)	-	(563,299)
(549,323)	-	(549,323)
(275,548)	-	(275,548)
(11,899)	-	(11,899)
(4,483,472)	-	(4,483,472)
-	(271,530)	(271,530)
-	(346,566)	(346,566)
-	(16,885)	(16,885)
-	9,704	9,704
-	(625,277)	(625,277)
(4,483,472)	(625,277)	(5,108,749)
1,450,299	-	1,450,299
197,990	-	197,990
393,704	-	393,704
180,041	-	180,041
866,394	-	866,394
525,339	-	525,339
34,575	1,961	36,536
476,728	72,716	549,444
(63,215)	63,215	-
4,061,855	137,892	4,199,747
(421,617)	(487,385)	(909,002)
1,521,705	18,335,773	19,857,478
1,100,088	17,848,388	18,948,476

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PALOS PARK, ILLINOIS****Balance Sheet - Governmental Funds  
April 30, 2020**

	General	Nonmajor	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 1,708,233	1,176,516	2,884,749
Receivables - Net of Allowances			
Taxes	955,556	36,041	991,597
Accounts	21,150	-	21,150
Other	16,447	-	16,447
Due from Other Governments	-	14,376	14,376
Prepays	228,724	-	228,724
Total Assets	2,930,110	1,226,933	4,157,043
<b>LIABILITIES</b>			
Accounts Payable	405,403	11,609	417,012
Accrued Payroll	52,680	-	52,680
Due to Other Funds	325,000	-	325,000
Total Liabilities	783,083	11,609	794,692
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	730,311	-	730,311
Total Liabilities and Deferred Inflows of Resources	1,513,394	11,609	1,525,003
<b>FUND BALANCES</b>			
Nonspendable	228,724	-	228,724
Restricted	5,704	394,440	400,144
Committed	-	804,844	804,844
Assigned	-	16,040	16,040
Unassigned	1,182,288	-	1,182,288
Total Fund Balances	1,416,716	1,215,324	2,632,040
Total Liabilities, Deferred Inflows of Resources and Fund Balances	2,930,110	1,226,933	4,157,043

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Reconciliation of Total Governmental Fund Balance to  
Net Position - Governmental Activities**

**April 30, 2020**

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<b>Total Governmental Fund Balances</b>	\$ 2,632,040
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	4,287,163
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	(100,404)
Deferred Items - SLEP	(23,638)
Deferred Items - Police Pension	784,987
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	(264,623)
Net Pension Liability - IMRF	(509,175)
Net Pension Liability - SLEP	(28,273)
Net Pension Liability - Police Pension	(5,231,002)
Total OPEB Liability - RBP	(202,707)
Debt Certificates Payable	(240,000)
Accrued Interest Payable	(4,280)
<b>Net Position of Governmental Activities</b>	<u><u>1,100,088</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Fiscal Year Ended April 30, 2020**

	General	Nonmajor	Totals
<b>Revenues</b>			
Taxes	\$ 2,024,044	197,990	2,222,034
Intergovernmental	1,404,233	178,862	1,583,095
Licenses and Permits	407,059	-	407,059
Charges for Services	199,368	-	199,368
Fines and Forfeitures	76,383	111,032	187,415
Interest	26,086	8,489	34,575
Miscellaneous	443,834	32,894	476,728
<b>Total Revenues</b>	<b>4,581,007</b>	<b>529,267</b>	<b>5,110,274</b>
<b>Expenditures</b>			
<b>Current</b>			
General Government	611,927	-	611,927
Public Safety	2,455,890	4,371	2,460,261
Public Works	577,489	76,771	654,260
Building and Grounds	549,323	-	549,323
Culture and Recreation	444,549	16,251	460,800
Capital Outlay	8,100	88,852	96,952
<b>Debt Service</b>			
Principal Retirement	-	35,000	35,000
Interest and Fiscal Charges	-	12,506	12,506
<b>Total Expenditures</b>	<b>4,647,278</b>	<b>233,751</b>	<b>4,881,029</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(66,271)	295,516	229,245
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	47,506	47,506
Transfers Out	(110,721)	-	(110,721)
	(110,721)	47,506	(63,215)
Net Change in Fund Balances	(176,992)	343,022	166,030
Fund Balances - Beginning	1,593,708	872,302	2,466,010
Fund Balances - Ending	1,416,716	1,215,324	2,632,040

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
to the Statement of Activities - Governmental Activities**

**For the Fiscal Year Ended April 30, 2020**

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**Net Change in Fund Balances - Total Governmental Funds** **\$ 166,030**

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the  
Statement of Activities the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

Capital Outlays	32,121
Depreciation Expense	(185,801)

The net effect of deferred outflows (inflows) of resources related to the pensions  
not reported in the funds.

Change in Deferred Items - IMRF	(524,583)
Change in Deferred Items - SLEP	(69,093)
Change in Deferred Items - Police Pension	800,260
Change in Deferred Items - RBP	(2,554)

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

Changes in Compensated Absences Payable	(26,926)
Changes in Net Pension Liability - IMRF	513,063
Changes in Net Pension Liability - SLEP	81,474
Changes in Net Pension Liability - Police Pension	(1,207,924)
Changes in Total OPEB Liability - RBP	(33,291)
Retirement of Debt	35,000

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

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**Changes in Net Position of Governmental Activities** **(421,617)**

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Statement of Net Position - Proprietary Funds  
April 30, 2020**

	Business-Type Activities - Enterprise				Totals
	Water	Sewer Maintenance	Refuse and Recycling	Nonmajor	
				Commuter Parking Lot	
<b>ASSETS</b>					
Current Assets					
Cash and Investments	\$ 1,841,975	1,285,916	918	111,976	3,240,785
Receivables - Net of Allowances					
Accounts	276,968	52,068	63,642	-	392,678
Prepays	4,385	3,837	-	822	9,044
Total Current Assets	2,123,328	1,341,821	64,560	112,798	3,642,507
Noncurrent Assets					
Capital Assets					
Nondepreciable	20,000	-	-	-	20,000
Depreciable	18,792,803	17,466,762	-	21,356	36,280,921
Accumulated Depreciation	(10,182,416)	(10,323,938)	-	(4,271)	(20,510,625)
Total Noncurrent Assets	8,630,387	7,142,824	-	17,085	15,790,296
Total Assets	10,753,715	8,484,645	64,560	129,883	19,432,803
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Items - IMRF	60,830	22,876	-	-	83,706
Total Assets and Deferred Outflows of Resources	10,814,545	8,507,521	64,560	129,883	19,516,509

The notes to the financial statements are an integral part of this statement.

	Business-Type Activities - Enterprise				
	Water	Sewer Maintenance	Refuse and Recycling	Nonmajor	Totals
				Commuter Parking Lot	
<b>LIABILITIES</b>					
Current Liabilities					
Accounts Payable	\$ 80,874	4,788	32,233	600	118,495
Accrued Payroll	5,130	1,904	-	-	7,034
Other Payables	1,650	-	-	-	1,650
Accrued Interest	18,079	-	-	-	18,079
Current Portion of Long-Term Debt	91,361	2,420	-	-	93,781
Total Current Liabilities	197,094	9,112	32,233	600	239,039
Noncurrent Liabilities					
Compensated Absences Payable	25,447	9,678	-	-	35,125
Net Pension Liability - IMRF	173,478	65,239	-	-	238,717
Total OPEB Liability - RBP	45,611	13,850	-	-	59,461
General Obligation Bonds	965,000	-	-	-	965,000
Total Noncurrent Liabilities	1,209,536	88,767	-	-	1,298,303
Total Liabilities	1,406,630	97,879	32,233	600	1,537,342
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Items - IMRF	95,038	35,741	-	-	130,779
Total Liabilities and Deferred Inflows of Resources	1,501,668	133,620	32,233	600	1,668,121
<b>NET POSITION</b>					
Net Investment in Capital Assets	7,580,387	7,142,824	-	17,085	14,740,296
Unrestricted	1,732,490	1,231,077	32,327	112,198	3,108,092
Total Net Position	9,312,877	8,373,901	32,327	129,283	17,848,388

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds  
For the Fiscal Year Ended April 30, 2020**

	Business-Type Activities - Enterprise				Totals
	Water	Sewer Maintenance	Refuse and Recycling	Nonmajor Commuter Parking Lot	
Operating Revenues					
Charges for Services	\$ 1,913,844	471,281	370,396	95,484	2,851,005
Sale of Water Meters	6,643	-	-	-	6,643
Miscellaneous	5,297	14,120	-	-	19,417
Total Operating Revenues	1,925,784	485,401	370,396	95,484	2,877,065
Operating Expenses					
Personnel	488,538	176,426	-	-	664,964
Commodities	51,911	41,136	-	4,540	97,587
Water Purchases	751,458	-	-	-	751,458
Services	365,559	150,344	387,281	80,172	983,356
Capital Outlay	-	8,907	-	-	8,907
Depreciation	492,007	453,279	-	1,068	946,354
Total Operating Expenses	2,149,473	830,092	387,281	85,780	3,452,626
Operating Income (Loss)	(223,689)	(344,691)	(16,885)	9,704	(575,561)
Nonoperating Revenues (Expenses)					
Interest Income	1,838	-	-	123	1,961
Rental Income	18,578	-	-	-	18,578
Tap-On Fees	32,875	21,263	-	-	54,138
Interest Expense	(47,841)	(1,875)	-	-	(49,716)
	5,450	19,388	-	123	24,961
Income (Loss) Before Transfers	(218,239)	(325,303)	(16,885)	9,827	(550,600)
Transfers In	-	30,000	63,215	-	93,215
Transfers Out	(30,000)	-	-	-	(30,000)
	(30,000)	30,000	63,215	-	63,215
Change in Net Position	(248,239)	(295,303)	46,330	9,827	(487,385)
Net Position - Beginning	9,561,116	8,669,204	(14,003)	119,456	18,335,773
Net Position - Ending	9,312,877	8,373,901	32,327	129,283	17,848,388

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Statement of Cash Flows - Proprietary Funds  
For the Fiscal Year Ended April 30, 2020**

	Business-Type Activities - Enterprise				Totals
	Water	Sewer Maintenance	Refuse and Recycling	Nonmajor Commuter Parking Lot	
<b>Cash Flows from Operating Activities</b>					
Receipts from Customers and Users	\$ 2,051,665	546,614	368,518	95,057	3,061,854
Payments to Suppliers	(1,447,698)	(340,834)	(430,815)	(86,349)	(2,305,696)
Payments to Employees	(355,133)	(132,810)	-	-	(487,943)
	<u>248,834</u>	<u>72,970</u>	<u>(62,297)</u>	<u>8,708</u>	<u>268,215</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers In	-	30,000	63,215	-	93,215
Transfers Out	(30,000)	-	-	-	(30,000)
	<u>(30,000)</u>	<u>30,000</u>	<u>63,215</u>	<u>-</u>	<u>63,215</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Purchase of Capital Assets	(54,173)	(18,423)	-	-	(72,596)
Principal Retirement	(117,800)	(42,200)	-	-	(160,000)
Interest Expense	(47,841)	(1,875)	-	-	(49,716)
	<u>(219,814)</u>	<u>(62,498)</u>	<u>-</u>	<u>-</u>	<u>(282,312)</u>
<b>Cash Flows from Investing Activities</b>					
Interest Income	1,838	-	-	123	1,961
<b>Net Change in Cash and Cash Equivalents</b>	<u>858</u>	<u>40,472</u>	<u>918</u>	<u>8,831</u>	<u>51,079</u>
<b>Cash and Cash Equivalents - Beginning</b>	<u>1,841,117</u>	<u>1,245,444</u>	<u>-</u>	<u>103,145</u>	<u>3,189,706</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>1,841,975</u>	<u>1,285,916</u>	<u>918</u>	<u>111,976</u>	<u>3,240,785</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>					
Operating Income (Loss)	(223,689)	(344,691)	(16,885)	9,704	(575,561)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Depreciation Expense	492,007	453,279	-	1,068	946,354
Other Income (Expense)	51,453	21,263	-	-	72,716
(Increase) Decrease in Current Assets	74,428	39,950	(1,878)	(427)	112,073
Increase (Decrease) in Current Liabilities	(145,365)	(96,831)	(43,534)	(1,637)	(287,367)
<b>Net Cash Provided by Operating Activities</b>	<u>248,834</u>	<u>72,970</u>	<u>(62,297)</u>	<u>8,708</u>	<u>268,215</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Statement of Fiduciary Net Position  
April 30, 2020**

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	Pension Trust	
	Police	Agency
	Pension	Agency
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 60,432	1,091,101
Investments		
U.S. Agency Obligations	799,729	-
Municipal Bonds	103,878	
Corporate Bonds	836,795	-
Mutual Funds	1,452,438	-
Receivables		
Accounts Receivables	-	507,996
Accrued Interest	15,232	-
Due from Village	325,000	-
	<hr/>	<hr/>
Total Assets	3,593,504	<u>1,599,097</u>
<b>LIABILITIES</b>		
Due to Bondholders	<hr/>	<u>1,599,097</u>
<b>NET POSITION</b>		
Net Position Restricted for Pensions	<hr/>	<u>3,593,504</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended April 30, 2020**

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	<u>Pension Trust Police Pension</u>
Additions	
Contributions - Employer	\$ 325,000
Contributions - Plan Members	84,306
Total Contributions	<u>409,306</u>
Investment Earnings	
Interest Earned	117,853
Net Change in Fair Value	<u>(63,932)</u>
	53,921
Less Investment Expenses	<u>(13,279)</u>
Net Investment Income	<u>40,642</u>
Total Additions	<u>449,948</u>
Deductions	
Administration	4,319
Benefits and Refunds	<u>191,203</u>
Total Deductions	<u>195,522</u>
Change in Fiduciary Net Position	254,426
Net Position Restricted for Pensions	
Beginning	<u>3,339,078</u>
Ending	<u><u>3,593,504</u></u>

The notes to the financial statements are an integral part of this statement.

## **VILLAGE OF PALOS PARK, ILLINOIS**

### **Notes to the Financial Statements April 30, 2020**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Palos Park, Illinois (the Village), is a non-home rule village incorporated in 1914. The Village Council is composed of the Mayor and four Commissioners which form the legislative branch of the Village. The Village provides a wide range of general municipal services including police protection, crime prevention, community planning and zoning, recreation, building inspection and safety, street building and maintenance, traffic control, water and sewer service, and commuter parking.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

#### **REPORTING ENTITY**

The Village's financial reporting entity comprises the following:

Primary Government: Village of Palos Park

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

#### **Police Pension Employees Retirement System**

The Village's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's Mayor, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the Village, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's police employees. The PPERS is reported as a pension trust fund.

# VILLAGE OF PALOS PARK, ILLINOIS

## Notes to the Financial Statements

April 30, 2020

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION

##### Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's public safety, public works, building and public grounds, culture and recreation, and general administrative services are classified as governmental activities. The Village's water, sewer maintenance, refuse and recycling, and commuter parking lot services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The Village's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, public safety, public works, building and public grounds, culture and recreation, etc.). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which 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.

The net costs (by function or business-type activity) are normally covered by general revenue (property tax, sales tax, intergovernmental revenues, interest income, etc.).

The Village does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

# VILLAGE OF PALOS PARK, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, as major funds, which either have debt outstanding or a specific or community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Village:

##### Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Village:

*General fund* is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund.

*Special revenue funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains five nonmajor special revenue funds.

# VILLAGE OF PALOS PARK, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION – Continued

#### Fund Financial Statements – Continued

#### Governmental Funds – Continued

*Capital projects funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Village maintains two nonmajor capital projects funds.

#### Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Village:

*Enterprise funds* are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains four enterprise funds. The Water Fund, a major fund, is used to account for the provisions of water to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services and billing and collection. The Sewer Maintenance Fund, a major fund, is used to account for the provisions of sanitary sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services and billing and collection. The Refuse and Recycling Fund, also a major fund, is used to account for the provisions of refuse and recycling services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services and billing and collection. The Village maintains one nonmajor enterprise fund, the Commuter Parking Lot Fund.

#### Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

# VILLAGE OF PALOS PARK, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements – Continued

##### Fiduciary Funds – Continued

*Pension trust funds* are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the Village's police force.

*Agency funds* are used to account for assets held by the Village in a purely custodial capacity. The Special Assessment Funds are used to account for the accumulation of resources and payment of principal and interest on non-commitment special assessment bonds.

The Village's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the Village, these funds are not incorporated into the government-wide statements.

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

##### Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary and fiduciary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary and fiduciary fund equity is classified as net position.

## VILLAGE OF PALOS PARK, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

##### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

###### Measurement Focus – Continued

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

###### Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, licenses, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary, pension trust and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

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 revenues of the Village’s enterprise funds are charges to customers for sales and services. The Village 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.

# VILLAGE OF PALOS PARK, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

##### Cash and Investments

For the purpose of the Statement of Net Position, cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent. For the purpose of the proprietary funds “Statement of Cash Flows,” cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Village 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.

##### Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, franchise taxes, and grants. Business-type activities report charges for services as their major receivables.

##### Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Internal service fund services provided and used are not eliminated in the process of consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

##### Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. Prepaids are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued**

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Land Improvements	40 Years
Buildings Improvements	40 Years
Vehicles and Equipment	5 Years
Water and Sewer Distribution System	40 Years

**Compensated Absences**

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement pursuant to the Village’s personnel rules and union contracts.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

# VILLAGE OF PALOS PARK, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

##### Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition/reduction of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

##### Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

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

##### Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

**VILLAGE OF PALOS PARK, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

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**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**BUDGETARY INFORMATION**

Budgets are adopted on a basis consistent with generally accepted accounting principles, except that in Enterprise Funds, capital additions and debt principal payments are budgeted, while depreciation is not. Annual budgets are adopted (at the fund level) for the general, special revenue (except for the Exaction Fee and Fine Arts Funds), capital projects, enterprise, and pension trust funds. All annual appropriations lapse at fiscal year end.

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- All departments of the Village submit requests for budgets to the Village Manager so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on end-of-year projections and requested budget for the next fiscal year.
- The Village Council adopts a budget, which is the operational plan, and includes a budget for all funds utilized by the Village. The budget is presented in these financial statements. The Exaction Fee and Fine Arts Funds are not budgeted.
- The Budget Ordinance, based on the budget is published for public hearing to obtain taxpayer comment. The Budget Ordinance serves as a budget authorization.
- The Budget Ordinance is legally enacted through the passage of an ordinance. The fiscal year 2020 Budget was approved in April 2019. During the year, no budget amendments were necessary.
- The Village Manager is authorized to transfer budgeted amounts between departments within any fund. However, any revision that alters the total expenditures of any fund must be approved by the Village Council.

**EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS**

The following funds had an excess of actual expenditures/expenses, exclusive of depreciation, over budget as of the date of this report:

Fund	Excess
General	\$ 35,276
Police Forfeiture	1,026
Refuse and Reclwing	17,031
Police Pension	21,676

## VILLAGE OF PALOS PARK, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS

##### DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds except the pension trust funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the Village's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

Permitted Deposits and Investments – Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, 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, Illinois Funds and the Illinois Metropolitan Investment Fund.

The deposits and investments of the Pension Fund are held separately from those of other Village funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, pension funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

## VILLAGE OF PALOS PARK, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### DEPOSITS AND INVESTMENTS – Continued

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold. The Illinois Funds is not registered with the SEC as an Investment Company.

The Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an Investment Company. Investments in IMET are valued at the share price, the price for which the investment could be sold.

##### **Village – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk**

*Deposits.* At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$5,588,262 and the bank balances totaled \$6,854,677. In addition, the Village had \$314,059 invested in Illinois Funds and \$223,213 invested in IMET, which are measured at the net asset value per share as determined by the pools.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Village limits its exposure by structuring the portfolio to provide liquidity for short-term and long-term cash flow needs while providing a reasonable rate of return based on the current market. At year-end, the Village's investment in the Illinois Fund and IMET have an average maturity of less than one year.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village's investment policy does not address credit risk. At year-end, the Village's investment in the Illinois Funds and was rated AAAM by Standard & Poor's and the IMET Convenience Fund is not rated.

*Concentration Risk.* This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy requires diversification of investment to avoid unreasonable risk. The policy requires that no category of investment should exceed 40% of the total portfolio except for cash equivalents and treasury securities. Further, the portfolio should at no time hold deposits constituting more than 10% of any single financial institution's total deposits. At year-end, the Village does not have any investments over five percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

# VILLAGE OF PALOS PARK, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

#### Village – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To limit its exposure, the Village's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) or a receipt versus payment (RVP) basis with the underlying investments held by a safekeeping agent designated by the Village and evidenced by safekeeping receipts. The Village's investments in the Illinois Funds and IMET are not subject to custodial credit risk.

#### Police Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

*Deposits.* At year-end, the carrying amount of the Fund's deposits totaled \$60,432 and the bank balances totaled \$57,451.

*Investments.* The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Agency Obligations	\$ 799,729	41,228	416,528	341,973	-
Municipal Bonds	103,878	-	103,878	-	-
Corporate Bonds	836,795	102,770	637,853	96,172	-
	1,740,402	143,998	1,158,259	438,145	-

**VILLAGE OF PALOS PARK, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**DEPOSITS AND INVESTMENTS – Continued**

**Police Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued**

*Investments – Continued.* The Fund has the following recurring fair value measurements as of April 30, 2020:

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
U.S. Agency Obligations	\$ 799,729	-	799,729	-
Municipal Bonds	103,878	-	103,878	-
Corporate Bonds	836,795	-	836,795	-
	1,740,402	-	1,740,402	-
Equity Securities				
Mutual Funds	1,452,438	1,452,438	-	-
	3,192,840	1,452,438	1,740,402	-

Debt Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

*Interest Rate Risk.* In accordance with the Fund's investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for all reasonably anticipated operating requirements while providing a reasonable rate of return based on the current market.

*Credit Risk.* The Fund helps limit its exposure to credit risk by primarily investing in U.S. agency obligations and other highly rated obligations. The Fund may invest in any type of investment instrument permitted by Illinois law, as described in Chapter 40 of the Illinois Compiled Statutes, 40 ILCS 5/1-113.1 through 113.4(a). The U.S. agency obligations were not rated. The corporate bonds are rated Baa1 to A2 by Standard and Poor's.

# VILLAGE OF PALOS PARK, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

##### Police Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

*Custodial Credit Risk.* For deposits, the Fund’s investment policy requires all deposits in excess of FDIC insurable limits (applies to bank Certificates of Deposit) be secured by collateral in order to protect deposits from default. The pledging of collateral for all investments in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by the Fund, an independent third party or the Federal Reserve Bank of Chicago. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For investments, the Fund’s investment policy does not explicitly address this risk. However, there is no exposure to custodial credit risk for investments.

*Concentration Risk.* The Fund’s investment policy requires diversification of investments to avoid unreasonable risk. The average maturity of the portfolio will be managed based upon the current existing interest rate environment. Under most circumstances the maturity/modified duration of the portfolio will be maintained at approximately 5.0 years and will range from 1.0 years to 7.0 years. The investment manager may change the duration of the portfolio as the market conditions permit. In addition, the Fund’s investment policy requires that deposits in the Illinois Funds shall not exceed 50% of the total portfolio. The policy provides no other limits on diversification. In addition to the securities and fair values listed above, the Fund also has \$1,452,438 invested in mutual funds. At year-end, the Fund does not have any investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) in any one organization that represent 5 percent or more of net position available for retirement benefits.

The Fund’s investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	88.50%	2.00% - 5.28%
Equities	10.00%	5.12% - 6.61%
Cash and Cash Equivalents	1.50%	0.00%

Illinois Compiled Statutes (ILCS) limit the Fund’s investments in equities, mutual funds and variable annuities to 45%. Securities in any one company should not exceed 5% of the total fund.

# VILLAGE OF PALOS PARK, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

#### Police Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

*Concentration Risk – Continued.* The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in May 2020 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 the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of April 30, 2020 are listed in the table above.

#### Rate of Return

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (4.96%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### PROPERTY TAXES

Property taxes for 2019 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by Cook County and are payable in two installments, on or about March 1 and August 1 during the following year. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy to reflect actual collection experience.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

**Interfund Balances**

At April 30, 2020 the interfund balance between the General Fund and the Police Pension Fund is due to payment of Village contributions deposited by the Pension Fund after fiscal year-end due to COVID-19 delays. The composition of interfund balances as of the date of this report, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Police Pension	General	<u>\$ 325,000</u>

**Interfund Transfers**

Transfers are used to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year consisted of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Nonmajor Governmental	General	\$ 47,506
Refuse and Recycling	General	<u>63,215</u>
		<u>110,721</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**CAPITAL ASSETS**

**Governmental Activities**

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 1,709,988	-	-	1,709,988
Depreciable Capital Assets				
Buildings and Improvements	4,432,686	-	-	4,432,686
Vehicles and Equipment	1,044,065	32,121	-	1,076,186
	<u>5,476,751</u>	<u>32,121</u>	<u>-</u>	<u>5,508,872</u>
Less Accumulated Depreciation				
Buildings and Improvements	1,898,552	111,935	-	2,010,487
Vehicles and Equipment	847,344	73,866	-	921,210
	<u>2,745,896</u>	<u>185,801</u>	<u>-</u>	<u>2,931,697</u>
Total Net Depreciable Capital Assets	<u>2,730,855</u>	<u>(153,680)</u>	<u>-</u>	<u>2,577,175</u>
Total Net Capital Assets	<u>4,440,843</u>	<u>(153,680)</u>	<u>-</u>	<u>4,287,163</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 108,742
Public Safety	39,873
Public Works	23,070
Culture and Recreation	<u>14,116</u>
	<u>185,801</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**CAPITAL ASSETS – Continued**

**Business-Type Activities**

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 20,000	-	-	20,000
Depreciable Capital Assets				
Land Improvements	21,356	-	-	21,356
Vehicles and Equipment	307,923	36,846	-	344,769
Water Distribution System	18,578,321	35,750	-	18,614,071
Sewer Distribution System	17,307,320	-	6,595	17,300,725
	<u>36,214,920</u>	<u>72,596</u>	<u>6,595</u>	<u>36,280,921</u>
Less Accumulated Depreciation				
Land Improvements	3,203	1,068	-	4,271
Vehicles and Equipment	296,110	13,275	-	309,385
Water Distribution System	9,541,913	482,416	-	10,024,329
Sewer Distribution System	9,729,640	449,595	6,595	10,172,640
	<u>19,570,866</u>	<u>946,354</u>	<u>6,595</u>	<u>20,510,625</u>
 Total Net Depreciable Capital Assets	 <u>16,644,054</u>	 <u>(873,758)</u>	 <u>-</u>	 <u>15,770,296</u>
 Total Net Capital Assets	 <u>16,664,054</u>	 <u>(873,758)</u>	 <u>-</u>	 <u>15,790,296</u>

Depreciation expense was charged to business-type activities as follows:

Water	\$ 492,007
Sewer Maintenance	453,279
Commuter Parking Lot	<u>1,068</u>
	<u>946,354</u>

# VILLAGE OF PALOS PARK, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT

##### General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
\$450,000 General Obligation Alternate Revenue Bonds of 2004, due in annual installments of \$25,000 to \$40,000 plus interest at 1.80% to 4.10% through December 1, 2019.	\$ 40,000	-	40,000	-
\$450,000 General Obligation Alternate Revenue Bonds of 2005, due in annual installments of \$25,000 to \$35,000 plus interest at 3.10% to 4.05% through December 1, 2019.	35,000	-	35,000	-
\$1,750,000 General Obligation Alternate Revenue Bonds of 2010, due in annual installments of \$60,000 to \$360,000 plus interest at 2.50% to 4.30% through December 1, 2029.	1,135,000	-	85,000	1,050,000
	<u>1,210,000</u>	<u>-</u>	<u>160,000</u>	<u>1,050,000</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**Debt Certificates**

The Village issues debt certificates to provide funds for the acquisition and construction of major capital facilities. Debt certificates have been issued for governmental activities. Debt certificates currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
\$570,000 Debt Certificates of 2006, due in annual installments of \$15,000 to \$45,000 plus interest at 3.60% to 4.35% through December 1, 2025.	\$ 275,000	-	35,000	240,000

**Long-Term Liability Activity**

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
<b>Governmental Activities</b>					
Compensated Absences	\$ 237,697	53,852	26,926	264,623	52,925
Net Pension Liability - IMRF	1,022,238	-	513,063	509,175	-
Net Pension Liability - SLEP	109,747	-	81,474	28,273	-
Net Pension Liability - Police Pension	4,023,078	1,207,924	-	5,231,002	-
Total OPEB Liability - RBP	169,416	33,291	-	202,707	-
Debt Certificates	275,000	-	35,000	240,000	35,000
	<u>5,837,176</u>	<u>1,295,067</u>	<u>656,463</u>	<u>6,475,780</u>	<u>87,925</u>
<b>Business-Type Activities</b>					
Compensated Absences	42,198	3,416	1,708	43,906	8,781
Net Pension Liability - IMRF	479,316	-	240,599	238,717	-
Total OPEB Liability - RBP	54,345	5,116	-	59,461	-
General Obligation Bonds	1,210,000	-	160,000	1,050,000	85,000
	<u>1,785,859</u>	<u>8,532</u>	<u>402,307</u>	<u>1,392,084</u>	<u>93,781</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**Long-Term Liability Activity – Continued**

For the governmental activities, payments on the compensated absences, the net pension liabilities, and the total OPEB liability are made by the General Fund. Payments on the debt certificates are being liquidated by the Land Acquisition Fund.

Additionally, for business-type activities, the compensated absences, net pension liability, and total OPEB liability are generally liquidated by the Water and Sewer Maintenance Funds. The general obligation bonds are being liquidated by the Water and Sewer Maintenance Funds.

**Debt Service Requirements to Maturity**

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Debt		General Obligation	
	<u>Certificates</u>		<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 35,000	10,272	85,000	43,390
2022	35,000	8,802	90,000	40,160
2023	40,000	7,323	95,000	36,560
2024	40,000	5,617	100,000	32,760
2025	45,000	3,901	105,000	28,760
2026	45,000	1,957	105,000	24,403
2027	-	-	110,000	20,045
2028	-	-	115,000	15,480
2029	-	-	120,000	10,535
2030	-	-	125,000	5,375
Totals	<u>240,000</u>	<u>37,872</u>	<u>1,050,000</u>	<u>257,468</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**Legal Debt Margin**

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

Assessed Valuation - 2019	<u>\$ 240,847,217</u>
Legal Debt Limit - 8.625% of Assessed Value	20,773,072
Amount of Debt Applicable to Limit	<u>240,000</u>
Legal Debt Margin	<u>20,533,072</u>

# VILLAGE OF PALOS PARK, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### FUND BALANCE/NET POSITION

##### Fund Balance Classifications

In the governmental funds financial statements, the Village considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Village first utilizes committed, then assigned, and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

*Nonspendable Fund Balance.* Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

*Restricted Fund Balance.* Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance.* Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Commissioners; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

*Assigned Fund Balance.* Consists of amounts that are constrained by the Village Council's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by: a) the Village Council; or b) a body or official to which the Village Council has delegated the authority to assign amounts to be used for specific purposes. The Village's highest level of decision-making authority is the Village Council, who is authorized to assign amounts to a specific purpose.

*Unassigned Fund Balance.* Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

*Minimum Fund Balance Policy.* The Villages policy manual states that the General Fund should maintain a minimum fund balance equal to 25% of budgeted operating expenditures.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**FUND BALANCE/NET POSITION - Continued**

**Fund Balance Classifications - Continued**

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	<u>General</u>	<u>Nonmajor</u>	<u>Totals</u>
Fund Balances			
Nonspendable			
Prepays	\$ 228,724	-	228,724
Restricted			
IMRF	2,905	-	2,905
Special Events	60	-	60
Beautification	2,739	-	2,739
Highways and Streets	-	316,264	316,264
Police Forfeiture	-	41,188	41,188
Exaction Fee	-	36,988	36,988
	<u>5,704</u>	<u>394,440</u>	<u>400,144</u>
Committed			
Capital Projects	-	132,945	132,945
Public Infrastructure Improvements	-	671,899	671,899
	<u>-</u>	<u>804,844</u>	<u>804,844</u>
Assigned			
Fine Arts	-	16,040	16,040
Unassigned	<u>1,182,288</u>	<u>-</u>	<u>1,182,288</u>
Total Fund Balances	<u>1,416,716</u>	<u>1,215,324</u>	<u>2,632,040</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**FUND BALANCE/NET POSITION – Continued**

**Net Position Classifications**

Net investment in capital assets was comprised of the following as of April 30, 2020:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 4,287,163
Less Capital Related Debt:	
Debt Certificates of 2006	<u>(240,000)</u>
Net Investment in Capital Assets	<u>4,047,163</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	15,790,296
Less Capital Related Debt:	
General Obligation Alternate Revenue Bonds of 2010	<u>(1,050,000)</u>
Net Investment in Capital Assets	<u>14,740,296</u>

**NOTE 4 – OTHER INFORMATION**

**CONTINGENT LIABILITIES**

**Litigation**

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village’s attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

**Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

## VILLAGE OF PALOS PARK, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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#### NOTE 4 – OTHER INFORMATION – Continued

#### CONTINGENT LIABILITIES – Continued

#### Financial Impact from COVID-19

In March 2020, the Centers for Disease Control and Prevention declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the Village's operations and financial position cannot be determined.

#### RISK MANAGEMENT

#### Intergovernmental Risk Management Agency

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the government's employees. These risks, along with medical claims for employees and retirees, are provided for through a limited self-insurance program.

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

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

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the by-laws of IRMA and experience modification factors based on past member loss experience. The Village assumes the first \$25,000 of each occurrence, and IRMA has self-insurance retentions at various amounts above that level. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits. The Village's payments to IRMA are displayed on the financial statements as expenditures/expenses in the appropriate funds. The coverages provided by IRMA are generally consistent with the coverages in the prior year.

The Village is exposed to various risks of loss related to illnesses of employees. The Village has purchased commercial insurance for health claim risks. The monthly premiums are accounted for in the general fund, water fund and sewer fund. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years and there has not been any significant decrease in coverage over the past three fiscal years.

# VILLAGE OF PALOS PARK, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The Village contributes to three defined benefit pension plans: the Illinois Municipal Retirement Fund (IMRF), a defined benefit cost-sharing multiple-employer public employee retirement system; the Sheriff’s Law Enforcement Personnel Fund (SLEP), which is administered by the IMRF; and the Police Pension Plan which is a single-employer pension plan. The Village is in cost-sharing arrangement with the Palos Park Library for the IMRF plan. A separate report is issued for the Police Pension Plan and may be obtained by writing to the Village at 8999 West 123<sup>rd</sup> Street, Palos Park, Illinois 60464. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at [www.imrf.org](http://www.imrf.org). The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

The aggregate amount of pension expense recognized for these pension plans is:

	Net Pension Liabilities	Deferred Outflows	Deferred Inflows	Pension Expenses
IMRF	\$ 509,175	262,246	409,723	189,532
SLEP	28,273	29,232	52,870	10,578
Police Pension	5,231,002	1,443,800	658,813	657,664
	<u>5,768,450</u>	<u>1,735,278</u>	<u>1,121,406</u>	<u>857,774</u>

#### Illinois Municipal Retirement Fund (IMRF)

##### Plan Descriptions

*Plan Administration.* All employees (other than those covered by the Police Pension Plan) hired in positions that need or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

*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).

## VILLAGE OF PALOS PARK, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

#### Illinois Municipal Retirement Fund (IMRF) – Continued

#### Plan Descriptions – Continued

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

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

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

Sheriff's Law Enforcement Personnel (SLEP), having accumulated at least 30 years of SLEP service and terminating IMRF participation on or after January 1, 1988, may elect to retire at or after age 50 with no early retirement discount penalty. SLEP members meeting these two qualifications are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.50% of their final rate of earnings, for each year of credited service up to 20 years, 2.00% of their final earning rate for the next 10 years of credited service and 1.00% for each year thereafter. For those SLEP members retiring with less than 20 years of SLEP service, the regular IMRF pension formula applies. SLEP also provides death and disability benefits.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Plan Descriptions – Continued**

*Plan Membership.* As of December 31, 2019, the measurement date, the following employees were covered by the benefit terms:

	<u>Regular</u>	<u>SLEP</u>
Inactive Plan Members Currently Receiving Benefits	33	-
Inactive Plan Members Entitled to but not yet Receiving Benefits	35	-
Active Plan Members	<u>33</u>	<u>1</u>
Totals	<u><u>101</u></u>	<u><u>1</u></u>

*Contributions.* As set by statute, the Village’s Regular Plan Members are required to contribute 4.5% of their annual covered salary and SLEP Plan Members are required to contribute 7.5% 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. At April 30, 2020, the Village’s contribution was 11.09% of covered payroll for the Regular Plan and 17.09% for the SLEP Plan.

*Net Pension Liability.* The net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2019, using the following actuarial methods and assumptions:

<u>IMRF</u>		<u>SLEP</u>	
Actuarial Cost Method	Entry Age Normal	Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market	Asset Valuation Method	Market
Actuarial Assumptions		Actuarial Assumptions	
Interest Rate	7.25%	Interest Rate	7.25%
Salary Increases	3.35% - 14.25%	Salary Increases	3.35% - 14.25%
Cost of Living Adjustments	2.50%	Cost of Living Adjustments	2.50%
Inflation	2.50%	Inflation	2.50%

# VILLAGE OF PALOS PARK, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Illinois Municipal Retirement Fund (IMRF) – Continued

##### Plan Descriptions – Continued

*Actuarial Assumptions – Continued.* For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	28.00%	3.25%
Domestic Equities	37.00%	5.75%
International Equities	18.00%	6.50%
Real Estate	9.00%	5.20%
Blended	7.00%	3.60% - 7.60%
Cash and Cash Equivalents	1.00%	1.85%

**VILLAGE OF PALOS PARK, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Discount Rate**

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

**Discount Rate Sensitivity**

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

	IMRF		
	Current		
	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset) Village	\$ 1,793,880	747,892	(124,666)
	SLEP		
	Current		
	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)	\$ 127,301	28,273	(55,617)

**VILLAGE OF PALOS PARK, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Changes in the Net Pension Liability – Regular Plan**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2018	\$ 8,299,941	6,798,387	1,501,554
Changes for the Year:			
Service Cost	160,736	-	160,736
Interest on the Total Pension Liability	596,796	-	596,796
Difference Between Expected and Actual Experience of the Total Pension Liability	74,115	-	74,115
Changes of Assumptions	(442,119)	-	(442,119)
Contributions - Employer	-	158,540	(158,540)
Contributions - Employees	-	68,141	(68,141)
Net Investment Income	-	1,314,892	(1,314,892)
Benefit Payments, including Refunds of Employee Contributions	-	(442,119)	442,119
Other (Net Transfer)	-	43,736	(43,736)
Net Changes	389,528	1,143,190	(753,662)
Balances at December 31, 2019	8,689,469	7,941,577	747,892

# VILLAGE OF PALOS PARK, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Illinois Municipal Retirement Fund (IMRF) – Continued

##### Changes in the Net Pension Liability – SLEP Plan

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2018	\$ 746,657	636,910	109,747
Changes for the Year:			
Service Cost	22,735	-	22,735
Interest on the Total Pension Liability	54,957	-	54,957
Difference Between Expected and Actual Experience of the Total Pension Liability	(34,144)	-	(34,144)
Contributions - Employer	-	21,415	(21,415)
Contributions - Employees	-	9,629	(9,629)
Net Investment Income	-	96,370	(96,370)
Other (Net Transfer)	-	(2,392)	2,392
Net Changes	43,548	125,022	(81,474)
Balances at December 31, 2019	790,205	761,932	28,273

#### Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2020, the Village recognized pension expense of \$189,532 for the regular plan and a pension expense of \$10,578 for the SLEP Plan. At April 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**VILLAGE OF PALOS PARK, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – Continued**

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 102,716	(8,815)	93,901
Change in Assumptions	97,001	(45,300)	51,701
Net Difference Between Projected and Actual	-	(355,608)	(355,608)
Total Pension Expense to be Recognized in Future Periods	199,717	(409,723)	(210,006)
Pension Contributions Made Subsequent to the Measurement Date	62,529	-	62,529
Total Deferred Amounts Related to IMRF	<u>262,246</u>	<u>(409,723)</u>	<u>(147,477)</u>

\$62,529 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2021	\$ (38,566)
2022	(37,356)
2023	31,417
2024	(165,501)
2025	-
Thereafter	<u>-</u>
Totals	<u>(210,006)</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – Continued**

	<u>SLEP</u>		
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Totals</u>
Difference Between Expected and Actual Experience	\$ 3,761	(33,408)	(29,647)
Change in Assumptions	17,444	-	17,444
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(19,462)	(19,462)
	<u>21,205</u>	<u>(52,870)</u>	<u>(31,665)</u>
Pension Contributions Made Subsequent to the Measurement Date	<u>8,027</u>	<u>-</u>	<u>8,027</u>
Total Deferred Amounts Related to SLEP	<u><u>29,232</u></u>	<u><u>(52,870)</u></u>	<u><u>(23,638)</u></u>

\$8,027 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	<u>SLEP</u>	
	<u>Net Deferred Inflows of Resources</u>	
2021	\$	(7,551)
2022		(11,121)
2023		(3,189)
2024		(9,804)
2025		-
Thereafter		<u>-</u>
Total		<u><u>(31,665)</u></u>

**VILLAGE OF PALOS PARK, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Police Pension Plan**

**Plan Descriptions**

*Plan Administration.* The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Police Pension Plan as a pension trust fund. The Police Pension Plan is governed by a five-member pension board. Two members of the Board are appointed by the Village President, one member is elected by pension beneficiaries and two members are elected by active police employees.

*Plan Membership.* At April 30, 2020, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	3
Inactive Plan Members Entitled to but not yet Receiving Benefits	1
Active Plan Members	<u>10</u>
Total	<u><u>14</u></u>

*Benefits Provided.* The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ 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 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

## VILLAGE OF PALOS PARK, ILLINOIS

### Notes to the Financial Statements

April 30, 2020

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

#### Police Pension Plan – Continued

#### Plan Descriptions – Continued

*Benefits Provided – Continued.* Covered employees hired on or after January 1, 2011 (Tier 2), 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. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> 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 percent of ½ of the change in the Consumer Price Index for the preceding calendar year.

*Contributions.* Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2020, the Village's contribution was 38.20% of covered payroll.

*Concentrations* At year-end, the Police Pension Plan does not have any investments over 5 percent of the net position (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

**VILLAGE OF PALOS PARK, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Police Pension Plan – Continued**

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2020, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	6.00%
Salary Increases	2.25% - 20.50%
Cost of Living Adjustments	3.25%
Inflation	2.25%

Mortality rates were based on the Independent Actuary Assumption Study for Police 2016. These rates are experience weighted with the raw rates as developed in the RP-2014 study, with blue collar adjustment and improved generationally using MP-2016 improvement rates.

**Discount Rate**

A Single Discount Rate of 5.09% was used to measure the total pension liability and the prior year the discount rate of 5.71% was used. 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. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 6.00%, the municipal bond rate is 2.56%, and the resulting single discount rate is 5.09%.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Police Pension Plan – Continued**

**Discount Rate Sensitivity**

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

	1% Decrease (4.09%)	Current Discount Rate (5.09%)	1% Increase (6.09%)
Net Pension Liability	\$ 6,929,555	5,231,002	3,908,701

**Changes in the Net Pension Liability**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2019	\$ 7,362,156	3,339,078	4,023,078
Changes for the Year:			
Service Cost	264,252	-	264,252
Interest on the Total Pension Liability	414,920	-	414,920
Changes of Benefit Terms	116,245	-	116,245
Difference Between Expected and Actual Experience of the Total Pension Liability	(50,678)	-	(50,678)
Changes of Assumptions	908,814	-	908,814
Contributions - Employer	-	325,000	(325,000)
Contributions - Employees	-	84,306	(84,306)
Net Investment Income	-	40,642	(40,642)
Benefit Payments, including Refunds of Employee Contributions	(191,203)	(191,203)	-
Other (Net Transfer)	-	(4,319)	4,319
Net Changes	1,462,350	254,426	1,207,924
Balances at April 30, 2020	8,824,506	3,593,504	5,231,002

# VILLAGE OF PALOS PARK, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Police Pension Plan – Continued

#### Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2020, the Village recognized pension expense of \$657,664. At April 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 28,181	(438,509)	(410,328)
Change in Assumptions	1,243,750	(220,304)	1,023,446
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	171,869	-	171,869
Total Deferred Amounts Related to Police Pension	<u>1,443,800</u>	<u>(658,813)</u>	<u>784,987</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources
2021	\$ 171,232
2022	83,634
2023	74,083
2024	97,375
2025	57,593
Thereafter	<u>301,070</u>
Total	<u>784,987</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

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**NOTE 4 – OTHER INFORMATION – Continued**

**OTHER POST-EMPLOYMENT BENEFITS**

**General Information about the OPEB Plan**

*Plan Description.* The Village’s defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the Village. RBP is a single-employer defined benefit OPEB plan administered by the Village. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Village Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

*Benefits Provided.* RBP provides healthcare benefits for retirees and their dependents. The benefit terms provide for the individual to pay the entire cost of health insurance premiums for non-Medicare eligible retirees and supplemental health insurance premiums for Medicare-eligible retirees.

*Plan Membership.* As of April 30, 2020, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	-
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>33</u>
Total	<u><u>33</u></u>

**Total OPEB Liability**

The Village’s total OPEB liability was measured as of April 30, 2020 and was determined by an actuarial valuation as of May 1, 2018.

# VILLAGE OF PALOS PARK, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS – Continued

##### Total OPEB Liability – Continued

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the April 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary Increases	2.75%
Discount Rate	2.56%
Healthcare Cost Trend Rates	6.4% for 2020, decreasing 0.2% per year to an ultimate rate of 5.0% for 2027 and later years
Retirees' Share of Benefit-Related Costs	100% of projected health insurance premiums for retirees

The discount rate was based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate.

Mortality rates were based on the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates. The actuarial assumptions used in the April 30, 2020 valuation were based on the results of an actuarial experience study for the period May 1, 2019 – April 30, 2020.

##### Change in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at April 30, 2019	\$ 223,761
Changes for the Year:	
Service Cost	9,819
Interest on the Total OPEB Liability	8,236
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions or Other Inputs	33,197
Benefit Payments	<u>(12,845)</u>
Net Changes	<u>38,407</u>
Balance at April 30, 2020	<u>262,168</u>

# VILLAGE OF PALOS PARK, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS – Continued

##### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, calculated using a Single Discount Rate of 2.56%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (1.56%)	Current Discount Rate (2.56%)	1% Increase (3.56%)
Total OPEB Liability	\$ 289,981	262,168	238,578

##### Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, calculated using varied Healthcare Trend Rates, as well as what the total OPEB liability would be if it were calculated using Healthcare Trend Rates that is one percentage point lower or one percentage point higher:

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Total OPEB Liability	\$ 229,555	262,168	301,279

**VILLAGE OF PALOS PARK, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2020**

**NOTE 4 – OTHER INFORMATION – Continued**

**OTHER POST-EMPLOYMENT BENEFITS – Continued**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

Per GASB Statement No. 75, under the Alternative Measurement Method, changes in Total OPEB Liability are immediately recognized as expense, resulting in no deferred outflows of resources or deferred inflows of resources related to OPEB.

For the year ended April 30, 2020, the Village recognized OPEB expense of \$54,625. At April 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ -	-	-
Change in Assumptions	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Total Deferred Amounts Related to OPEB	-	-	-

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

Fiscal Year	Net Deferred Outflows of Resources
2021	\$ -
2022	-
2023	-
2024	-
2025	-
Thereafter	-
Total	-

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Employer Contributions
  - Illinois Municipal Retirement Fund
  - Illinois Municipal Retirement Fund - Sheriff's Law Enforcement Personnel
  - Police Pension Fund
  
- Schedule of Changes in the Employer's Net Pension Liability
  - Illinois Municipal Retirement Fund
  - Illinois Municipal Retirement Fund - Sheriff's Law Enforcement Personnel
  - Police Pension Fund
  
- Schedule of Investment Returns
  - Police Pension Fund
  
- Schedule of Changes in the Employer's Total OPEB Liability
  - Retiree Benefits Plan
  
- Budgetary Comparison Schedule
  - General Fund

### Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information  
Schedule of Employer Contributions  
April 30, 2020**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 183,004	\$ 183,004	\$ -	\$ 1,419,733	12.89%
2017	188,769	187,792	(977)	1,450,955	12.94%
2018	177,511	177,511	-	1,465,900	12.11%
2019	174,429	174,429	-	1,481,166	11.78%
2020	172,645	172,645	-	1,557,213	11.09%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	24 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50%
Salary Increases	3.35% to 14.25%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	MP-2017 (base year 2015)

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Illinois Municipal Retirement Fund - Sheriff's Law Enforcement Personnel**

**Required Supplementary Information  
Schedule of Employer Contributions  
April 30, 2020**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 19,269	\$ 19,269	\$ -	\$ 116,504	16.54%
2017	20,362	20,362	-	119,217	17.08%
2018	20,256	20,256	-	123,123	16.45%
2019	20,736	20,736	-	126,200	16.43%
2020	22,959	22,959	-	134,335	17.09%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	24 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50%
Salary Increases	3.35% to 14.25%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	MP-2017 (base year 2015)

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information  
Schedule of Employer Contributions  
April 30, 2020**

Fiscal Year	Actuarially Determined Contribution	Contributions* in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 173,069	\$ 175,000	\$ 1,931	\$ 645,111	27.13%
2016	175,000	200,000	25,000	762,167	26.24%
2017	270,351	200,000	(70,351)	628,629	31.82%
2018	343,328	250,000	(93,328)	664,715	37.61%
2019	313,958	250,000	(63,958)	815,769	30.65%
2020	372,057	325,000	(47,057)	850,714	38.20%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	20 Years
Asset Valuation Method	Market
Inflation	2.50%
Salary Increases	3.25%
Investment Rate of Return	6.00%
Retirement Age	50-70
Mortality	RP-2014 Mortality Table (BCHA) Projected to 2017 using improvement scale MP-2016

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

\*Village contributions have exceeded the Statutory minimum contribution requirements.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information  
Schedule of Changes in the Employer's Net Pension Liability  
April 30, 2020**

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	<u>2016</u>
Total Pension Liability	
Service Cost	\$ 157,935
Interest	513,332
	-
Differences Between Expected and Actual Experience	(31,948)
Change of Assumptions	8,402
Benefit Payments, Including Refunds of Member Contributions	<u>(401,684)</u>
	246,037
Net Change in Total Pension Liability	246,037
Total Pension Liability - Beginning	<u>6,984,598</u>
	7,230,635
Total Pension Liability - Ending	<u><u>7,230,635</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 183,004
Contributions - Members	72,845
Net Investment Income	30,009
Benefit Payments, Including Refunds of Member Contributions	(401,684)
Administrative Expense	<u>68,641</u>
	(47,185)
Net Change in Plan Fiduciary Net Position	(47,185)
Plan Net Position - Beginning	<u>6,079,999</u>
	6,032,814
Plan Net Position - Ending	<u><u>6,032,814</u></u>
Employer's Net Pension Liability	<u>\$ 1,197,821</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.43%
Covered Payroll	\$ 1,419,733
Employer's Net Pension Liability as a Percentage of Covered Payroll	84.37%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

2017	2018	2019	2020
166,212	163,102	153,547	160,736
536,775	571,830	564,053	596,796
390,587	(45,873)	113,272	74,115
(26,814)	(263,489)	222,637	-
(398,967)	(406,483)	(425,046)	(442,119)
667,793	19,087	628,463	389,528
6,984,598	7,652,391	7,671,478	8,299,941
7,652,391	7,671,478	8,299,941	8,689,469
187,792	171,645	182,908	158,540
65,716	64,475	66,432	68,141
416,086	1,181,987	(420,518)	1,314,892
(398,967)	(406,483)	(425,046)	(442,119)
125,998	(216,430)	169,978	43,736
396,625	795,194	(426,246)	1,143,190
6,032,814	6,429,439	7,224,633	6,798,387
6,429,439	7,224,633	6,798,387	7,941,577
1,222,952	446,845	1,501,554	747,892
84.02%	94.18%	81.91%	91.39%
1,450,955	1,432,772	1,476,259	1,514,235
84.29%	31.19%	101.71%	49.39%

**VILLAGE OF PALOS PARK, ILLINOIS**

**Illinois Municipal Retirement Fund - Sheriff's Law Enforcement Personnel**

**Required Supplementary Information  
Schedule of Changes in the Employer's Net Pension Liability  
April 30, 2020**

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	<u>2016</u>
Total Pension Liability	
Service Cost	\$ 22,925
Interest	38,090
Differences Between Expected and Actual Experience	82,166
Change of Assumptions	<u>2,613</u>
Net Change in Total Pension Liability	145,794
Total Pension Liability - Beginning	<u>498,443</u>
Total Pension Liability - Ending	<u><u>644,237</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 19,269
Contributions - Members	8,738
Net Investment Income	2,289
Administrative Expense	<u>83,130</u>
Net Change in Plan Fiduciary Net Position	113,426
Plan Net Position - Beginning	<u>443,726</u>
Plan Net Position - Ending	<u><u>557,152</u></u>
Employer's Net Pension Liability	<u><u>\$ 87,085</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.48%
Covered Payroll	\$ 116,504
Employer's Net Pension Liability as a Percentage of Covered Payroll	74.75%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

2017	2018	2019	2020
22,956	23,049	23,205	22,735
48,785	45,070	50,209	54,957
(121,692)	(8,779)	(6,097)	(34,144)
(4,883)	9,106	21,491	-
(54,834)	68,446	88,808	43,548
644,237	589,403	657,849	746,657
589,403	657,849	746,657	790,205
20,362	20,175	20,442	21,415
8,941	9,165	9,394	9,629
40,231	74,211	(9,368)	96,370
(112,148)	(2,317)	670	(2,392)
(42,614)	101,234	21,138	125,022
557,152	514,538	615,772	636,910
514,538	615,772	636,910	761,932
74,865	42,077	109,747	28,273
87.30%	93.60%	85.30%	96.42%
119,217	122,198	125,252	128,383
62.80%	34.43%	87.62%	22.02%

**VILLAGE OF PALOS PARK, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information  
Schedule of Changes in the Employer's Net Pension Liability  
April 30, 2020**

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	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 198,253
Interest	290,630
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Change of Assumptions	-
Benefit Payments, Including Refunds of Member Contributions	<u>(115,751)</u>
Net Change in Total Pension Liability	373,132
Total Pension Liability - Beginning	<u>4,901,706</u>
Total Pension Liability - Ending	<u><u>5,274,838</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	175,000
Contributions - Members	63,574
Net Investment Income	75,014
Benefit Payments, Including Refunds of Member Contributions	(115,751)
Administrative Expense	<u>-</u>
Net Change in Plan Fiduciary Net Position	197,837
Plan Net Position - Beginning	<u>2,131,652</u>
Plan Net Position - Ending	<u><u>2,329,489</u></u>
Employer's Net Pension Liability	<u><u>2,945,349</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	44.16%
Covered Payroll	\$ 645,111
Employer's Net Pension Liability as a Percentage of Covered Payroll	456.56%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

2016	2017	2018	2019	2020
208,166	251,198	266,270	237,104	264,252
312,935	374,757	391,218	397,276	414,920
-	-	-	-	116,245
139,203	26,392	(454,778)	(148,438)	(50,678)
500,727	(218,530)	590,072	(163,568)	908,814
(118,504)	(142,868)	(176,031)	(185,283)	(191,203)
1,042,527	290,949	616,751	137,091	1,462,350
5,274,838	6,317,365	6,608,314	7,225,065	7,362,156
6,317,365	6,608,314	7,225,065	7,362,156	8,824,506
200,000	200,000	250,000	250,000	325,000
74,670	75,391	65,873	77,130	84,306
49,037	110,855	108,930	176,722	40,642
(118,504)	(142,868)	(176,031)	(185,283)	(191,203)
(1,642)	(1,380)	(1,856)	(1,455)	(4,319)
203,561	241,998	246,916	317,114	254,426
2,329,489	2,533,050	2,775,048	3,021,964	3,339,078
2,533,050	2,775,048	3,021,964	3,339,078	3,593,504
3,784,315	3,833,266	4,203,101	4,023,078	5,231,002
40.10%	41.99%	41.83%	45.35%	40.72%
762,167	628,629	664,715	815,769	850,714
496.52%	609.78%	632.32%	493.16%	614.90%

**VILLAGE OF PALOS PARK, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information**

**Schedule of Investment Returns**

**April 30, 2020**

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Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	3.62%
2016	2.07%
2017	4.25%
2018	3.94%
2019	5.92%
2020	(4.96%)

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

## VILLAGE OF PALOS PARK, ILLINOIS

### Retiree Benefits Plan

#### Required Supplementary Information Schedule of Changes in the Employer's Total OPEB Liability April 30, 2020

	2019	2020
Total OPEB Liability		
Service Cost	\$ 9,273	9,819
Interest	8,193	8,236
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	-
Change of Assumptions or Other Inputs	3,621	33,197
Benefit Payments	(7,401)	(12,845)
Net Change in Total OPEB Liability	13,686	38,407
Total OPEB Liability - Beginning	210,075	223,761
Total OPEB Liability - Ending	223,761	262,168
Covered Payroll	\$ 2,267,478	\$ 2,556,338
Total OPEB Liability as a Percentage of Covered Payroll	9.87%	10.26%

#### Notes:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available. The Village implemented GASB 74/75 starting in fiscal year April 30, 2019.

*Changes of Assumptions.* Changes in assumptions related to the discount rate were made in 2019 and 2020.

**VILLAGE OF PALOS PARK, ILLINOIS**

**General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2020  
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2019)**

	4/30/20		4/30/19
	Original and Final Budget	Actual	Actual
Revenues			
Taxes	\$ 2,094,025	2,024,044	2,078,770
Intergovernmental	1,347,094	1,404,233	1,316,883
Licenses and Permits	429,700	407,059	411,870
Charges for Services	225,100	199,368	212,517
Fines and Forfeitures	133,750	76,383	134,232
Interest	27,750	26,086	28,444
Miscellaneous	393,654	443,834	499,959
Total Revenues	<u>4,651,073</u>	<u>4,581,007</u>	<u>4,682,675</u>
Expenditures			
Current			
General Government	610,828	611,927	633,516
Public Safety	2,394,124	2,455,890	2,271,971
Public Works	537,093	577,489	550,653
Building and Public Grounds	519,213	549,323	543,466
Culture and Recreation	475,744	444,549	435,408
Capital Outlay	75,000	8,100	4,906
Total Expenditures	<u>4,612,002</u>	<u>4,647,278</u>	<u>4,439,920</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	39,071	(66,271)	242,755
Other Financing (Uses)			
Transfers Out	<u>(24,000)</u>	<u>(110,721)</u>	-
Net Change in Fund Balance	<u>15,071</u>	(176,992)	242,755
Fund Balance - Beginning		<u>1,593,708</u>	<u>1,350,953</u>
Fund Balance - Ending		<u>1,416,716</u>	<u>1,593,708</u>

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Major Enterprise Funds
- Budgetary Comparison Schedule – Nonmajor Enterprise Fund
- Budgetary Comparison Schedule – Pension Trust Fund
- Combining Statements – Agency Funds

# INDIVIDUAL FUND DESCRIPTIONS

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## GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

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## SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditure for specified purposes.

### Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for the operation of street maintenance programs and capital projects as authorized by the Illinois Department of Transportation. Financing is provided from the Village's share of gasoline taxes.

### Police Forfeiture Fund

The Police Forfeiture Fund is used to account for seized assets confiscated by the Palos Park Police Department. These resources, which are restricted by federal regulations, can help finance specific police expenditures related to education, interdiction and training focused on the reduction of substance abuse.

### Exaction Fee Fund

The Exaction Fee Fund is used to account for charges for construction (and the impact of construction) that offset costs carried by the Village and other taxing bodies because of increased demand for services. Exaction fees received are intended to be spent on debt service related to transportation or recreation improvements. The Village, however, also receives exaction fees to support both grammar and high schools and the library. Fees received are forwarded directly to these organizations annually.

### Fine Arts Fund

The Fine Arts Fund is used to account for a Fine Arts Committee, which is generally self-sufficient in operation. Fine Arts activities provide residents with meaningful, celebrated events related to the Arts and Humanities.

### Land Acquisition and Recreation Fund

The Land Acquisition and Recreation Fund is used to account for the acquisition and preservation of open lands that enhance the natural setting.

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# INDIVIDUAL FUND DESCRIPTIONS

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## CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by proprietary funds.

### Capital Improvements Fund

The Capital Improvements Fund is used to account for significant capital improvements; such as, street reconstruction, central water and sewer undertakings, Village Green and municipal building renovations, and other major projects that enhance community life within the Village and surrounds.

### 1/2% Sales Tax Fund

The 1/2% Sales Tax Fund is used to account for the proceeds of non-home rule sales tax.

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## ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

### Water Fund

The Water Fund is used to account for the provisions of water to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services and billing and collection.

### Sewer Maintenance Fund

The Sewer Maintenance Fund is used to account for the provisions of sanitary sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services and billing and collection.

# INDIVIDUAL FUND DESCRIPTIONS

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## ENTERPRISE FUNDS – Continued

### Refuse and Recycling Fund

The Refuse and Recycling Fund is used to account for the provisions of refuse and recycling services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services and billing and collection.

### Commuter Parking Lot Fund

The Commuter Parking Lot Fund is used to account for the provisions of public parking services. All activities are accounted for in this fund, including, but not limited to, administration, operations, capital construction, financing, and revenue collection.

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## TRUST AND AGENCY FUNDS

### PENSION TRUST FUND

#### Police Pension Fund

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

### AGENCY FUNDS

#### Special Assessment Funds

The Special Assessment Funds are used to account for the accumulation of resources and payment of principal and interest on non-commitment special assessment bonds.

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**VILLAGE OF PALOS PARK, ILLINOIS**

**General Fund**

**Schedule of Revenues - Budget and Actual  
For the Fiscal Year Ended April 30, 2020  
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2019)**

	4/30/20		4/30/19 Actual
	Original and Final Budget	Actual	
Taxes			
Property Taxes	\$ 1,428,025	1,450,299	1,422,799
Utility Taxes	443,000	393,704	445,823
Other Taxes	223,000	180,041	210,148
Total Taxes	2,094,025	2,024,044	2,078,770
Intergovernmental			
State Income Tax	477,430	525,339	470,590
Sales Tax	869,664	866,394	846,293
Grants	-	12,500	-
Total Intergovernmental	1,347,094	1,404,233	1,316,883
Licenses and Permits	429,700	407,059	411,870
Charges for Services	225,100	199,368	212,517
Fines and Forfeitures	133,750	76,383	134,232
Interest	27,750	26,086	28,444
Miscellaneous			
Fees by Agreement	287,228	252,313	255,285
Miscellaneous	106,426	191,521	244,674
Total Miscellaneous	393,654	443,834	499,959
Total Revenues	4,651,073	4,581,007	4,682,675

**VILLAGE OF PALOS PARK, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual**

**For the Fiscal Year Ended April 30, 2020**

**(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2019)**

	4/30/20		4/30/19 Actual
	Original and Final Budget	Actual	
<b>General Government</b>			
Administration			
Wages	\$ 300,546	299,260	310,351
Benefits	93,802	91,207	91,043
Risk Management Insurance	3,150	9,482	4,000
Legal Fees	55,000	38,608	48,102
Consultants, Engineers and Planners	1,000	184	-
Other Contractual Services	50,900	77,387	51,842
Commodities	42,125	45,128	41,632
Public Affairs			
Benefits	20,261	21,169	21,052
Risk Management Insurance	300	822	300
Legal Fees	15,000	371	36,644
Consultants, Engineers and Planners	5,000	295	224
Other Contractual Services	14,600	12,707	13,684
Commodities	550	4,209	2,207
Finance			
Wages	91,096	92,206	86,788
Benefits	22,911	23,650	22,441
Risk Management Insurance	1,050	2,861	1,050
Legal Fees	275	492	108
Consultants, Engineers and Planners	49,000	55,628	51,837
Commodities	8,950	3,445	4,504
Other			
Other Contractual Services	4,500	4,004	4,575
	780,016	783,115	792,384
Less Administrative Charges	(169,188)	(171,188)	(158,868)
Total General Government	610,828	611,927	633,516
<b>Public Safety</b>			
Wages	1,392,572	1,403,033	1,320,394
Benefits	592,552	592,351	482,490
Risk Management Insurance	12,300	53,641	50,926
Legal Fees	35,000	24,392	42,805

**VILLAGE OF PALOS PARK, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued**

**For the Fiscal Year Ended April 30, 2020**

**(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2019)**

	4/30/20		4/30/19
	Original and Final Budget	Actual	Actual
Public Safety - Continued			
Other Contractual Services	\$ 261,400	282,352	260,346
Commodities	100,300	100,121	115,010
Total Public Safety	2,394,124	2,455,890	2,271,971
Public Works			
Wages	271,452	268,452	272,469
Benefits	76,641	76,313	76,827
Risk Management Insurance	3,300	15,068	3,300
Legal Fees	1,000	2,574	753
Other Contractual Services	139,050	182,084	159,810
Commodities	45,650	32,998	37,494
Total Public Works	537,093	577,489	550,653
Building and Public Grounds			
Building			
Wages	200,702	207,850	196,368
Benefits	50,936	49,235	50,402
Risk Management Insurance	1,650	4,522	1,650
Legal Fees	28,000	14,558	19,645
Other Contractual Services	103,425	129,117	135,597
Commodities	8,500	6,250	6,039
Public Grounds			
Risk Management Insurance	900	2,466	900
Other Contractual Services	116,150	128,859	128,542
Commodities	8,950	6,466	4,323
Total Building and Public Grounds	519,213	549,323	543,466

**VILLAGE OF PALOS PARK, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued**

**For the Fiscal Year Ended April 30, 2020**

**(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2019)**

	4/30/20		4/30/19
	Original Budget	Actual	Actual
<b>Culture and Recreation</b>			
Recreation			
Wages	\$ 215,728	200,746	198,401
Benefits	60,194	60,280	55,022
Risk Management Insurance	2,400	17,818	2,773
Legal Fees	250	-	616
Other Contractual Services	81,512	61,117	69,017
Commodities	33,660	31,536	29,719
Festivals			
Other Contractual Services	70,650	60,426	65,458
Commodities	11,350	12,626	14,402
Total Culture and Recreation	475,744	444,549	435,408
<b>Capital Outlay</b>			
Building and Public Grounds	75,000	8,100	4,906
Total Expenditures	4,612,002	4,647,278	4,439,920

**VILLAGE OF PALOS PARK, ILLINOIS**

**Nonmajor Governmental Funds**

**Combining Balance Sheet  
April 30, 2020**

	Special Revenue	Capital Projects	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 407,553	768,963	1,176,516
Receivables - Net of Allowances			
Other Taxes	-	36,041	36,041
Due from Other Governments	14,376	-	14,376
Total Assets	421,929	805,004	1,226,933
<b>LIABILITIES</b>			
Accounts Payable	11,449	160	11,609
<b>FUND BALANCES</b>			
Restricted	394,440	-	394,440
Committed	-	804,844	804,844
Assigned	16,040	-	16,040
Total Fund Balances	410,480	804,844	1,215,324
Total Liabilities and Fund Balances	421,929	805,004	1,226,933

**VILLAGE OF PALOS PARK, ILLINOIS**

**Nonmajor Governmental Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Year Ended April 30, 2020**

	Special Revenue	Capital Projects	Totals
Revenues			
Taxes	\$ -	197,990	197,990
Intergovernmental	178,862	-	178,862
Fines and Forfeitures	111,032	-	111,032
Interest	4,922	3,567	8,489
Miscellaneous	32,894	-	32,894
Total Revenues	<u>327,710</u>	<u>201,557</u>	<u>529,267</u>
Expenditures			
Current			
Public Safety	4,371	-	4,371
Public Works	76,771	-	76,771
Culture and Recreation	16,251	-	16,251
Capital Outlay	33,055	55,797	88,852
Debt Service			
Principal Retirement	35,000	-	35,000
Interest and Fiscal Charges	12,506	-	12,506
Total Expenditures	<u>177,954</u>	<u>55,797</u>	<u>233,751</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	149,756	145,760	295,516
Other Financing Sources			
Transfers In	<u>47,506</u>	-	<u>47,506</u>
Net Change in Fund Balances	197,262	145,760	343,022
Fund Balances - Beginning	<u>213,218</u>	<u>659,084</u>	<u>872,302</u>
Fund Balances - Ending	<u><u>410,480</u></u>	<u><u>804,844</u></u>	<u><u>1,215,324</u></u>

**VILLAGE OF PALOS PARK, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**

**Combining Balance Sheet**

**April 30, 2020**

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	Motor Fuel Tax	Police Forfeiture	Land Acquisition and Recreation	Exaction Fee	Fine Arts	Totals
<b>ASSETS</b>						
Cash and Investments	\$ 313,337	41,188	-	36,988	16,040	407,553
Due from Other Governments	14,376	-	-	-	-	14,376
Total Assets	<u>327,713</u>	<u>41,188</u>	<u>-</u>	<u>36,988</u>	<u>16,040</u>	<u>421,929</u>
<b>LIABILITIES</b>						
Accounts Payable	<u>11,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,449</u>
<b>FUND BALANCES</b>						
Restricted	316,264	41,188	-	36,988	-	394,440
Assigned	-	-	-	-	16,040	16,040
Total Fund Balances	<u>316,264</u>	<u>41,188</u>	<u>-</u>	<u>36,988</u>	<u>16,040</u>	<u>410,480</u>
Total Liabilities and Fund Balances	<u>327,713</u>	<u>41,188</u>	<u>-</u>	<u>36,988</u>	<u>16,040</u>	<u>421,929</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Year Ended April 30, 2020**

	Motor Fuel Tax	Police Forfeiture	Land Acquisition and Recreation	Exaction Fee	Fine Arts	Totals
<b>Revenues</b>						
Intergovernmental	\$ 178,862	-	-	-	-	178,862
Fines and Forfeitures	-	111,032	-	-	-	111,032
Interest	4,896	23	-	-	3	4,922
Miscellaneous	-	-	-	19,814	13,080	32,894
<b>Total Revenues</b>	<b>183,758</b>	<b>111,055</b>	<b>-</b>	<b>19,814</b>	<b>13,083</b>	<b>327,710</b>
<b>Expenditures</b>						
<b>Current</b>						
Public Safety	-	4,371	-	-	-	4,371
Public Works	76,771	-	-	-	-	76,771
Culture and Recreation	-	-	-	-	16,251	16,251
Capital Outlay	-	33,055	-	-	-	33,055
<b>Debt Service</b>						
Principal Retirement	-	-	35,000	-	-	35,000
Interest and Fiscal Charges	-	-	12,506	-	-	12,506
<b>Total Expenditures</b>	<b>76,771</b>	<b>37,426</b>	<b>47,506</b>	<b>-</b>	<b>16,251</b>	<b>177,954</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	106,987	73,629	(47,506)	19,814	(3,168)	149,756
<b>Other Financing Sources</b>						
Transfers In	-	-	47,506	-	-	47,506
Net Change in Fund Balances	106,987	73,629	-	19,814	(3,168)	197,262
Fund Balances - Beginning	209,277	(32,441)	-	17,174	19,208	213,218
Fund Balances - Ending	316,264	41,188	-	36,988	16,040	410,480

**VILLAGE OF PALOS PARK, ILLINOIS**

**Motor Fuel Tax - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2020  
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2019)**

	4/30/20		4/30/19
	Original and Final Budget	Actual	Actual
Revenues			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 125,000	178,862	123,039
Interest	6,000	4,896	7,426
Total Revenues	<u>131,000</u>	<u>183,758</u>	<u>130,465</u>
Expenditures			
Public Works			
Commodities	114,000	76,771	102,083
Capital Outlay	-	-	180,000
Total Expenditures	<u>114,000</u>	<u>76,771</u>	<u>282,083</u>
Net Change in Fund Balance	<u>17,000</u>	106,987	(151,618)
Fund Balance - Beginning		<u>209,277</u>	<u>360,895</u>
Fund Balance - Ending		<u>316,264</u>	<u>209,277</u>

VILLAGE OF PALOS PARK, ILLINOIS

Police Forfeiture - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 For the Fiscal Year Ended April 30, 2020  
 (with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2019)

	4/30/20		4/30/19 Actual
	Original and Final Budget	Actual	
<b>Revenues</b>			
Intergovernmental			
Federal Grants	\$ 2,200	-	-
Fines and Forfeitures	-	111,032	65,469
Interest	-	23	35
Miscellaneous	-	-	3,220
Total Revenues	<u>2,200</u>	<u>111,055</u>	<u>68,724</u>
<b>Expenditures</b>			
Public Safety			
Commodities	2,200	-	7,588
Services	-	4,371	4,020
Capital Outlay	34,200	33,055	57,116
Total Expenditures	<u>36,400</u>	<u>37,426</u>	<u>68,724</u>
Net Change in Fund Balance	<u>(34,200)</u>	73,629	-
Fund Balance - Beginning		<u>(32,441)</u>	<u>(32,441)</u>
Fund Balance - Ending		<u>41,188</u>	<u>(32,441)</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

**Land Acquisition and Recreation - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2020  
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2019)**

	4/30/20		4/30/19
	Original and Final Budget	Actual	Actual
Revenues			
Intergovernmental	\$ -	-	-
Expenditures			
Debt Service			
Principal Retirement	35,000	35,000	30,000
Interest and Fiscal Charges	12,506	12,506	13,742
Total Expenditures	47,506	47,506	43,742
Excess (Deficiency) of Revenues Over (Under) Expenditures	(47,506)	(47,506)	(43,742)
Other Financing Sources			
Transfers In	24,000	47,506	3,742
Disposal of Capital Assets	-	-	40,000
	24,000	47,506	43,742
Net Change in Fund Balance	(23,506)	-	-
Fund Balance - Beginning		-	-
Fund Balance - Ending		-	-

**VILLAGE OF PALOS PARK, ILLINOIS**

**Exaction Fee - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2020  
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2019)**

	4/30/20		4/30/19 Actual
	Original and Final Budget	Actual	
Revenues			
Miscellaneous	\$ -	19,814	20,916
Expenditures			
Public Works			
Commodities	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	19,814	20,916
Other Financing (Uses)			
Transfers Out	-	-	(3,742)
Net Change in Fund Balance	<u>-</u>	19,814	17,174
Fund Balance - Beginning		<u>17,174</u>	-
Fund Balance - Ending		<u>36,988</u>	<u>17,174</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

**Fine Arts - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2020  
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2019)**

	4/30/20		4/30/19 Actual
	Original and Final Budget	Actual	
Revenues			
Interest	\$ -	3	2
Miscellaneous	-	13,080	20,015
	-	13,083	20,017
Expenditures			
Culture and Recreation			
Commodities	-	16,251	24,898
Net Change in Fund Balance	-	(3,168)	(4,881)
Fund Balance - Beginning		19,208	24,089
Fund Balance - Ending		16,040	19,208

**VILLAGE OF PALOS PARK, ILLINOIS**

**Nonmajor Governmental - Capital Projects Funds**

**Combining Balance Sheet**

**April 30, 2020**

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	Capital Improvements	1/2% Sales Tax	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 132,945	636,018	768,963
Receivables - Net of Allowances Sales Tax	-	36,041	36,041
	<hr/>		
Total Assets	132,945	672,059	805,004
	<hr/> <hr/>		
<b>LIABILITIES</b>			
Accounts Payable	-	160	160
<b>FUND BALANCES</b>			
Committed	132,945	671,899	804,844
	<hr/>		
Total Liabilities and Fund Balances	132,945	672,059	805,004
	<hr/> <hr/>		

**VILLAGE OF PALOS PARK, ILLINOIS**

**Nonmajor Governmental - Capital Projects Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Year Ended April 30, 2020**

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	Capital Improvements	1/2% Sales Tax	Totals
Revenues			
Taxes	\$ -	197,990	197,990
Interest	850	2,717	3,567
Miscellaneous	-	-	-
Total Revenues	850	200,707	201,557
Expenditures			
Capital Outlay	-	55,797	55,797
Net Change in Fund Balances	850	144,910	145,760
Fund Balances - Beginning	132,095	526,989	659,084
Fund Balances - Ending	132,945	671,899	804,844

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**VILLAGE OF PALOS PARK, ILLINOIS**

**Capital Improvements - Capital Projects Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2020  
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2019)**

	4/30/20		4/30/19
	Original and Final Budget	Actual	Actual
Revenues			
Interest	\$ -	850	2,876
Expenditures			
Building and Grounds	-	-	245
Net Change in Fund Balance	<u>-</u>	850	2,631
Fund Balance - Beginning		<u>132,095</u>	<u>129,464</u>
Fund Balance - Ending		<u>132,945</u>	<u>132,095</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

**1/2% Sales Tax - Capital Projects Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2020  
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2019)**

	4/30/20		4/30/19 Actual
	Original and Final Budget	Actual	
Revenues			
Taxes	\$ 215,000	197,990	210,717
Interest	8,000	2,717	8,508
Miscellaneous	-	-	1,431
Total Revenues	<u>223,000</u>	<u>200,707</u>	<u>220,656</u>
Expenditures			
Building and Grounds			
Commodities	-	-	400
Capital Outlay	115,000	55,797	385,409
Total Expenditures	<u>115,000</u>	<u>55,797</u>	<u>385,809</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	108,000	144,910	(165,153)
Other Financing Sources			
Transfers In	90,000	-	175,000
Net Change in Fund Balance	<u>198,000</u>	144,910	9,847
Fund Balance - Beginning		<u>526,989</u>	<u>517,142</u>
Fund Balance - Ending		<u>671,899</u>	<u>526,989</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

**Water - Enterprise Fund**

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2020  
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2019)**

	4/30/20		Variance Over (Under)	4/30/19 Actual
	Original and Final Budget	Actual		
Operating Revenues				
Charges for Services	\$ 1,901,420	1,913,844	12,424	1,925,470
Sale of Water Meters	3,500	6,643	3,143	11,630
Miscellaneous	1,300	5,297	3,997	1,798
Total Operating Revenues	<u>1,906,220</u>	<u>1,925,784</u>	<u>19,564</u>	<u>1,938,898</u>
Operating Expenses				
Personnel	516,188	488,538	(27,650)	450,048
Commodities	143,475	51,911	(91,564)	53,767
Water Purchases	715,000	751,458	36,458	742,681
Services	464,450	365,559	(98,891)	445,707
Capital Outlay	139,500	54,173	(85,327)	17,875
Total Operating Expenses	<u>1,978,613</u>	<u>1,711,639</u>	<u>(266,974)</u>	<u>1,710,078</u>
Operating Income (Loss)	<u>(72,393)</u>	<u>214,145</u>	<u>286,538</u>	<u>228,820</u>
Nonoperating Revenues (Expenses)				
Interest Income	1,500	1,838	338	1,850
Rental Income	20,000	18,578	(1,422)	19,000
Tap-On Fees	15,000	32,875	17,875	25,102
Principal Retirement	(127,200)	(117,800)	9,400	(130,032)
Interest Expense	(49,144)	(47,841)	1,303	(55,575)
	<u>(139,844)</u>	<u>(112,350)</u>	<u>27,494</u>	<u>(139,655)</u>
Income (Loss) Before Transfers	<u>(212,237)</u>	<u>101,795</u>	<u>314,032</u>	<u>89,165</u>
Transfers Out	<u>(90,000)</u>	<u>(30,000)</u>	<u>60,000</u>	<u>(130,000)</u>
Income (Loss) Before GAAP Adjustments	<u><u>(302,237)</u></u>	<u>71,795</u>	<u><u>374,032</u></u>	<u>(40,835)</u>
Principal Retirement		117,800		130,032
Capitalized Assets		54,173		-
Depreciation		<u>(492,007)</u>		<u>(492,801)</u>
Change in Net Position		<u>(248,239)</u>		<u>(403,604)</u>
Net Position - Beginning		<u>9,561,116</u>		<u>9,964,720</u>
Net Position - Ending		<u><u>9,312,877</u></u>		<u><u>9,561,116</u></u>

**VILLAGE OF PALOS PARK, ILLINOIS**

**Sewer Maintenance - Enterprise Fund**

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2020  
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2019)**

	4/30/20		Variance Over (Under)	4/30/19 Actual
	Original and Final Budget	Actual		
Operating Revenues				
Charges for Services	\$ 470,400	471,281	881	474,908
Miscellaneous	700	14,120	13,420	1,300
Total Operating Revenues	<u>471,100</u>	<u>485,401</u>	<u>14,301</u>	<u>476,208</u>
Operating Expenses				
Personnel	206,426	176,426	(30,000)	179,678
Commodities	76,900	41,136	(35,764)	32,946
Services	149,100	150,344	1,244	137,793
Capital Outlay	179,000	27,330	(151,670)	128,923
Total Operating Expenses	<u>611,426</u>	<u>395,236</u>	<u>(216,190)</u>	<u>479,340</u>
Operating Income (Loss)	<u>(140,326)</u>	<u>90,165</u>	<u>230,491</u>	<u>(3,132)</u>
Nonoperating Revenues (Expenses)				
Interest Income	350	-	(350)	294
Tap-On Fees	7,000	21,263	14,263	23,414
Principal Retirement	-	(42,200)	(42,200)	(39,200)
Interest Expense	-	(1,875)	(1,875)	(3,414)
	<u>7,350</u>	<u>(22,812)</u>	<u>(30,162)</u>	<u>(18,906)</u>
Income (Loss) Before Transfers	<u>(132,976)</u>	<u>67,353</u>	<u>200,329</u>	<u>(22,038)</u>
Transfers In	30,000	30,000	-	30,000
Transfers Out	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>	<u>(75,000)</u>
	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>(45,000)</u>
Income (Loss) Before GAAP Adjustments	<u><u>(132,976)</u></u>	<u>97,353</u>	<u><u>230,329</u></u>	<u>(67,038)</u>
Principal Retirement		42,200		39,200
Capitalized Assets		18,423		63,104
Depreciation		<u>(453,279)</u>		<u>(467,192)</u>
Change in Net Position		(295,303)		(431,926)
Net Position - Beginning		<u>8,669,204</u>		<u>9,101,130</u>
Net Position - Ending		<u><u>8,373,901</u></u>		<u><u>8,669,204</u></u>

**VILLAGE OF PALOS PARK, ILLINOIS**

**Refuse and Recycling - Enterprise Fund**

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2020  
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2019)**

	4/30/20		Variance Over (Under)	4/30/19 Actual
	Original and Final Budget	Actual		
Operating Revenues				
Charges for Services	\$ 370,250	370,396	146	360,211
Operating Expenses				
Services	370,250	387,281	17,031	360,784
Income (Loss) Before Transfers	-	(16,885)	(16,885)	(573)
Transfers In	-	63,215	63,215	-
Change in Net Position	<u>-</u>	46,330	<u>46,330</u>	(573)
Net Position - Beginning		<u>(14,003)</u>		<u>(13,430)</u>
Net Position - Ending		<u>32,327</u>		<u>(14,003)</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

**Commuter Parking Lot - Nonmajor Enterprise Fund**

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2020  
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2019)**

	4/30/20		Variance Over (Under)	4/30/19 Actual
	Original and Final Budget	Actual		
Operating Revenues				
Charges for Services	\$ 99,000	95,484	(3,516)	103,301
Operating Expenses				
Commodities	38,300	4,540	(33,760)	6,653
Services	78,250	80,172	1,922	82,607
Total Operating Expenses	116,550	84,712	(31,838)	89,260
Operating Income (Loss)	(17,550)	10,772	28,322	14,041
Nonoperating Revenues				
Interest Income	200	123	(77)	193
Income (Loss) Before GAAP Adjustments	<u>(17,350)</u>	10,895	<u>28,245</u>	14,234
Depreciation		<u>(1,068)</u>		<u>(1,067)</u>
Change in Net Position		9,827		13,167
Net Position - Beginning		<u>119,456</u>		<u>106,289</u>
Net Position - Ending		<u>129,283</u>		<u>119,456</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

**Police Pension - Pension Trust Fund**

**Schedule of Changes in Fiduciary Net Position - Budget and Actual**

**For the Fiscal Year Ended April 30, 2020**

**(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2019)**

	4/30/20		4/30/19 Actual
	Original and Final Budget	Actual	
<b>Additions</b>			
Contributions - Employer	\$ 325,000	325,000	250,000
Contributions - Plan Members	90,450	84,306	77,130
<b>Total Contributions</b>	<b>415,450</b>	<b>409,306</b>	<b>327,130</b>
<b>Investment Income</b>			
Interest Earned	62,750	117,853	146,212
Net Change in Fair Value	-	(63,932)	42,134
	62,750	53,921	188,346
Less Investment Expenses	(11,000)	(13,279)	(11,624)
<b>Net Investment Income</b>	<b>51,750</b>	<b>40,642</b>	<b>176,722</b>
<b>Total Additions</b>	<b>467,200</b>	<b>449,948</b>	<b>503,852</b>
<b>Deductions</b>			
Administration	2,650	4,319	1,455
Benefits and Refunds	173,475	191,203	185,283
<b>Total Deductions</b>	<b>176,125</b>	<b>195,522</b>	<b>186,738</b>
<b>Change in Fiduciary Net Position</b>	<b><u>291,075</u></b>	<b>254,426</b>	<b>317,114</b>
<b>Net Position Restricted for Pensions</b>			
Beginning		<u>3,339,078</u>	<u>3,021,964</u>
Ending		<u><u>3,593,504</u></u>	<u><u>3,339,078</u></u>

**VILLAGE OF PALOS PARK, ILLINOIS**

**Agency Funds**

**Combining Statement of Assets and Liabilities  
For the Fiscal Year Ended April 30, 2020**

	Beginning Balances	Additions	Deductions	Ending Balances
<b>All Funds</b>				
<b>ASSETS</b>				
Cash and Investments	\$ 1,165,104	61,797	135,800	1,091,101
Accounts Receivables	506,816	1,180	-	507,996
Total Assets	1,671,920	62,977	135,800	1,599,097
<b>LIABILITIES</b>				
Due to Bondholders	1,671,920	62,977	135,800	1,599,097
<b>Special Assessment Fund #9</b>				
<b>ASSETS</b>				
Cash and Investments	123,179	-	-	123,179
<b>LIABILITIES</b>				
Due to Bondholders	123,179	-	-	123,179
<b>Special Assessment Fund #11</b>				
<b>ASSETS</b>				
Cash and Investments	93,508	68	56,562	37,014
<b>LIABILITIES</b>				
Due to Bondholders	93,508	68	56,562	37,014
<b>Special Assessment Fund #12</b>				
<b>ASSETS</b>				
Cash and Investments	185,652	933	-	186,585
<b>LIABILITIES</b>				
Due to Bondholders	185,652	933	-	186,585

	Beginning Balances	Additions	Deductions	Ending Balances
<b>Special Assessment Fund #93-1</b>				
<b>ASSETS</b>				
Cash and Investments	561,666	-	-	561,666
<b>LIABILITIES</b>				
Due to Bondholders	561,666	-	-	561,666
<b>Special Assessment Fund #96-1A</b>				
<b>ASSETS</b>				
Cash and Investments	89,943	834	1,554	89,223
<b>LIABILITIES</b>				
Due to Bondholders	89,943	834	1,554	89,223
<b>Special Assessment Fund #96-1B</b>				
<b>ASSETS</b>				
Cash and Investments	7,201	20,416	-	27,617
<b>LIABILITIES</b>				
Due to Bondholders	7,201	20,416	-	27,617
<b>Special Assessment Fund #13A</b>				
<b>ASSETS</b>				
Cash and Investments	64,449	-	333	64,116
<b>LIABILITIES</b>				
Due to Bondholders	64,449	-	333	64,116
<b>Special Assessment Fund #13B</b>				
<b>ASSETS</b>				
Cash and Investments	39,506	39,546	77,351	1,701
Accounts Receivable	506,816	1,180	-	507,996
Total Assets	546,322	40,726	77,351	509,697
<b>LIABILITIES</b>				
Due to Bondholders	546,322	40,726	77,351	509,697

## **SUPPLEMENTAL SCHEDULES**

**VILLAGE OF PALOS PARK, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation Alternate Revenue Bonds of 2010  
April 30, 2020**

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Date of Issue	May 25, 2010
Date of Maturity	December 1, 2029
Authorized Issue	\$1,750,000
Denomination of Bonds	\$5,000
Interest Rates	2.50% - 4.30%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	BNY Mellon, Chicago IL

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Principal	Interest	Totals
2021	\$ 85,000	43,390	128,390
2022	90,000	40,160	130,160
2023	95,000	36,560	131,560
2024	100,000	32,760	132,760
2025	105,000	28,760	133,760
2026	105,000	24,403	129,403
2027	110,000	20,045	130,045
2028	115,000	15,480	130,480
2029	120,000	10,535	130,535
2030	125,000	5,375	130,375
	<u>1,050,000</u>	<u>257,468</u>	<u>1,307,468</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

**Long-Term Debt Requirements**

**Debt Certificates of 2006**

**April 30, 2020**

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Date of Issue	October 26, 2006
Date of Maturity	December 1, 2025
Authorized Issue	\$570,000
Denomination of Bonds	\$5,000
Interest Rates	3.60% - 4.35%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	BNY Mellon, Chicago IL

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Principal	Interest	Totals
2021	\$ 35,000	10,272	45,272
2022	35,000	8,802	43,802
2023	40,000	7,323	47,323
2024	40,000	5,617	45,617
2025	45,000	3,901	48,901
2026	45,000	1,957	46,957
	<u>240,000</u>	<u>37,872</u>	<u>277,872</u>

## **STATISTICAL SECTION**

### **(Unaudited)**

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Village's overall financial health.

#### **Financial Trends**

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

#### **Revenue Capacity**

These schedules contain information to help the reader assess the Village's most significant local revenue sources.

#### **Debt Capacity**

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

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.

#### **Operating Information**

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

**VILLAGE OF PALOS PARK, ILLINOIS**

**Net Position by Component - Last Ten Fiscal Years\***  
**April 30, 2020 (Unaudited)**

	2011	2012	2013	2014
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 3,466,820	3,585,298	3,833,183	4,026,741
Restricted	841,928	1,202,700	1,300,144	1,285,489
Unrestricted	1,719,120	1,584,791	1,427,640	1,312,363
<b>Total Governmental Activities Net Position</b>	<b>6,027,868</b>	<b>6,372,789</b>	<b>6,560,967</b>	<b>6,624,593</b>
<b>Business-Type Activities</b>				
Net Investment in Capital Assets	20,857,596	20,116,269	19,433,528	18,781,396
Unrestricted	1,993,789	2,355,704	2,531,844	2,735,861
<b>Total Business-Type Activities Net Position</b>	<b>22,851,385</b>	<b>22,471,973</b>	<b>21,965,372</b>	<b>21,517,257</b>
<b>Primary Government</b>				
Net Investment in Capital Assets	24,324,416	23,701,567	23,266,711	22,808,137
Restricted	841,928	1,202,700	1,300,144	1,285,489
Unrestricted	3,712,909	3,940,495	3,959,484	4,048,224
<b>Total Primary Government Net Position</b>	<b>28,879,253</b>	<b>28,844,762</b>	<b>28,526,339</b>	<b>28,141,850</b>

Data Source: Audited Financial Statements

\* Accrual Basis of Accounting

2015	2016	2017	2018	2019	2020
4,072,934	4,247,176	4,321,833	4,254,941	4,165,843	4,047,163
1,370,146	1,035,595	836,377	1,011,916	890,713	400,144
1,142,238	(2,891,941)	(3,043,625)	(3,411,839)	(3,534,851)	(3,347,219)
6,585,318	2,390,830	2,114,585	1,855,018	1,521,705	1,100,088
18,200,951	17,547,723	16,928,804	16,182,778	15,454,054	14,740,296
2,747,702	2,706,556	2,769,067	3,026,951	2,881,719	3,108,092
20,948,653	20,254,279	19,697,871	19,209,729	18,335,773	17,848,388
22,273,885	21,794,899	21,250,637	20,437,719	19,619,897	18,787,459
1,370,146	1,035,595	836,377	1,011,916	890,713	400,144
3,889,940	(185,385)	(274,558)	(384,888)	(653,132)	(239,127)
27,533,971	22,645,109	21,812,456	21,064,747	19,857,478	18,948,476

VILLAGE OF PALOS PARK, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years\*  
April 30, 2020 (Unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities										
General Government	\$ 1,243,199	1,493,087	1,255,154	1,248,865	1,082,473	1,025,499	721,192	895,776	698,093	713,486
Public Safety	1,861,070	1,930,667	2,076,275	2,084,277	2,113,476	2,698,289	2,634,989	2,512,388	2,560,411	2,976,891
Public Works	537,325	637,683	480,874	742,048	1,000,130	1,393,134	1,074,170	1,169,099	1,756,619	1,291,484
Culture and Recreation	280,567	296,926	364,858	565,181	483,981	562,906	516,908	459,347	467,237	474,916
Solid Waste	276,741	286,300	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	55,392	49,317	43,988	35,460	24,007	16,953	15,671	14,456	13,227	11,899
Total Governmental Activities Expenses	4,254,294	4,693,980	4,221,149	4,675,831	4,704,067	5,696,781	4,962,930	5,051,066	5,495,587	5,468,676
Business-Type Activities										
Water and Sanitary Sewer	2,474,221	2,554,123	2,868,890	2,929,994	2,877,825	2,878,366	2,983,732	3,072,807	3,145,296	3,029,281
Refuse and Recycling	-	-	296,803	303,759	310,069	316,838	354,417	357,510	360,784	387,281
Commuter Parking Lot	76,703	70,087	86,729	90,762	80,204	81,690	82,748	66,503	90,327	85,780
Total Business-Type Activities Expenses	2,550,924	2,624,210	3,252,422	3,324,515	3,268,098	3,276,894	3,420,897	3,496,820	3,596,407	3,502,342
Total Primary Government Expenses	6,805,218	7,318,190	7,473,571	8,000,346	7,972,165	8,973,675	8,383,827	8,547,886	9,091,994	8,971,018
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	697,717	708,470	711,316	651,345	500,102	503,771	426,234	409,710	411,870	407,059
Public Safety	843,639	75,920	124,343	148,039	184,911	106,261	85,555	140,327	199,701	187,415
Public Works	9,852	12,530	12,583	11,174	-	-	-	-	-	-
Culture and Recreation	161,816	157,271	171,763	187,498	144,435	163,568	219,006	164,345	212,517	199,368
Solid Waste	303,628	314,705	-	-	-	-	-	-	-	-
Operating Grants/Contributions	154,832	274,280	202,430	331,191	145,937	123,981	122,854	123,759	123,039	191,362
Capital Grants/Contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	2,171,484	1,543,176	1,222,435	1,329,247	975,385	897,581	853,649	838,141	947,127	985,204
Program Revenues										
Business-Type Activities										
Charges for Services										
Water and Sanitary Sewer	2,168,890	2,155,904	2,360,503	2,445,317	2,279,851	2,349,245	2,334,433	2,467,836	2,415,106	2,411,185
Refuse and Recycling	-	-	322,194	328,314	334,112	339,892	345,398	356,056	360,211	370,396
Commuter Parking Lot	82,105	86,417	87,093	87,443	88,986	97,095	101,901	91,885	103,301	95,484
Operating and Capital Grants	2,358	-	-	-	-	-	-	-	-	-
Total Business-Type Act. Program Rev.	2,253,353	2,242,321	2,769,790	2,861,074	2,702,949	2,786,232	2,781,732	2,915,777	2,878,618	2,877,065
Total Primary Gov't Program Revenues	4,424,837	3,785,497	3,992,225	4,190,321	3,678,334	3,683,813	3,635,381	3,753,918	3,825,745	3,862,269

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Net (Expense) Revenue</b>										
Governmental Activities	\$ (2,082,810)	(3,150,804)	(2,998,714)	(3,346,584)	(3,728,682)	(4,799,200)	(4,109,281)	(4,212,925)	(4,548,460)	(4,483,472)
Business-Type Activities	(297,571)	(381,889)	(482,632)	(463,441)	(565,149)	(490,662)	(639,165)	(581,043)	(717,789)	(625,277)
<b>Total Primary Gov't Net (Expense) Revenue</b>	<b>(2,380,381)</b>	<b>(3,532,693)</b>	<b>(3,481,346)</b>	<b>(3,810,025)</b>	<b>(4,293,831)</b>	<b>(5,289,862)</b>	<b>(4,748,446)</b>	<b>(4,793,968)</b>	<b>(5,266,249)</b>	<b>(5,108,749)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities										
Taxes										
Property	1,179,055	1,232,400	1,206,448	1,212,953	1,259,952	1,311,982	1,311,952	1,340,768	1,422,799	1,450,299
Sales	785,862	836,166	855,009	846,009	819,655	789,842	977,144	1,005,489	1,057,010	1,064,384
Income	372,418	365,586	393,386	436,814	472,322	516,556	458,162	439,535	470,590	525,339
Utility	554,177	547,238	535,051	507,016	525,275	442,551	442,015	421,304	445,823	393,704
Other	179,842	239,702	243,637	233,195	236,261	272,394	162,083	207,021	210,148	180,041
Investment Income	5,403	13,018	14,298	6,034	(2,121)	5,543	20,730	43,014	47,291	34,575
Miscellaneous	41,283	20,233	29,815	39,355	51,790	524,000	460,950	496,227	545,541	476,728
Gain on Sale of Capital Assets	-	-	113,971	1,406	7,966	-	-	-	-	-
Transfers	-	-	4,110	4,110	39,110	30,000	-	-	175,000	(63,215)
<b>Total Governmental Activities</b>	<b>3,118,040</b>	<b>3,254,343</b>	<b>3,395,725</b>	<b>3,286,892</b>	<b>3,410,210</b>	<b>3,892,868</b>	<b>3,833,036</b>	<b>3,953,358</b>	<b>4,374,202</b>	<b>4,061,855</b>
Business-Type Activities										
Investment Income	3,894	7,516	6,587	2,574	(1,279)	751	1,544	2,546	2,337	1,961
Miscellaneous	71,345	-	-	14,364	55,715	38,568	81,213	90,355	67,516	72,716
Transfers	-	-	(4,110)	(4,110)	(39,110)	(30,000)	-	-	(175,000)	63,215
<b>Total Business-Type Activities</b>	<b>75,239</b>	<b>7,516</b>	<b>2,477</b>	<b>12,828</b>	<b>15,326</b>	<b>9,319</b>	<b>82,757</b>	<b>92,901</b>	<b>(105,147)</b>	<b>137,892</b>
<b>Total Primary Government</b>	<b>3,193,279</b>	<b>3,261,859</b>	<b>3,398,202</b>	<b>3,299,720</b>	<b>3,425,536</b>	<b>3,902,187</b>	<b>3,915,793</b>	<b>4,046,259</b>	<b>4,269,055</b>	<b>4,199,747</b>
<b>Changes in Net Position</b>										
Governmental Activities	1,035,230	103,539	397,011	(59,692)	(318,472)	(906,332)	(276,245)	(259,567)	(174,258)	(421,617)
Business-Type Activities	(222,332)	(374,373)	(480,155)	(450,613)	(549,823)	(481,343)	(556,408)	(488,142)	(822,936)	(487,385)
<b>Total Primary Government</b>	<b>812,898</b>	<b>(270,834)</b>	<b>(83,144)</b>	<b>(510,305)</b>	<b>(868,295)</b>	<b>(1,387,675)</b>	<b>(832,653)</b>	<b>(747,709)</b>	<b>(997,194)</b>	<b>(909,002)</b>

Data Source: Audited Financial Statements

\* Accrual Basis of Accounting

**VILLAGE OF PALOS PARK, ILLINOIS**

**Fund Balances of Governmental Funds - Last Ten Fiscal Years\*  
April 30, 2020 (Unaudited)**

	2011	2012	2013
<b>General Fund</b>			
Reserved	\$ 60,215	-	-
Unreserved	1,123,958	-	-
Nonspendable	-	63,632	62,707
Restricted	-	-	-
Unassigned	-	1,336,321	1,452,159
<b>Total General Fund</b>	<b>1,184,173</b>	<b>1,399,953</b>	<b>1,514,866</b>
<b>All Other Governmental Funds</b>			
Reserved	841,928	-	-
Unreserved, Reported in, Special Revenue Funds	48,281	-	-
Debt Service Funds			
Capital Projects Funds	635,138	-	-
Restricted	-	1,202,700	1,300,144
Committed	-	-	-
Assigned	-	202,005	127,629
Unassigned	-	-	-
<b>Total All Other Governmental Funds</b>	<b>1,525,347</b>	<b>1,404,705</b>	<b>1,427,773</b>
<b>Total All Governmental Funds</b>	<b>2,709,520</b>	<b>2,804,658</b>	<b>2,942,639</b>

Data Source: Audited Financial Statements

Note: The Village implemented GASB Statement No. 54 for the year ended April 30, 2012.

\* Modified Accrual Basis of Accounting

2014	2015	2016	2017	2018	2019	2020
-	-	-	-	-	-	-
-	-	-	-	-	-	-
54,255	50,988	54,283	161,464	166,918	191,097	228,724
-	276,732	276,324	3,965	4,415	5,178	5,704
1,438,325	1,250,633	1,015,120	1,152,948	1,179,620	1,397,433	1,182,288
1,492,580	1,578,353	1,345,727	1,318,377	1,350,953	1,593,708	1,416,716
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,285,489	1,093,414	759,271	832,412	1,007,501	885,535	394,440
-	-	-	-	-	-	804,844
39,925	39,925	30,054	33,392	24,089	19,208	16,040
-	-	-	(32,257)	(32,441)	(32,441)	-
1,325,414	1,133,339	789,325	833,547	999,149	872,302	1,215,324
2,817,994	2,711,692	2,135,052	2,151,924	2,350,102	2,466,010	2,632,040

**VILLAGE OF PALOS PARK, ILLINOIS**

**Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years\***  
**April 30, 2020 (Unaudited)**

	2011	2012	2013
<b>Revenues</b>			
Taxes	\$ 3,221,092	3,233,531	2,133,625
Intergovernmental	163,410	275,619	1,305,910
Licenses and Permits	471,279	482,653	459,802
Charges for Services	40,464	49,747	59,346
Fees by Agreement	652,044	660,796	379,232
Fines and Forfeitures	844,287	74,361	120,507
Investment Income	13,018	14,298	6,034
Miscellaneous	20,233	29,815	39,355
<b>Total Revenues</b>	<b>5,425,827</b>	<b>4,820,820</b>	<b>4,503,811</b>
<b>Expenditures</b>			
General Government	674,934	609,448	604,675
Public Safety	1,863,219	1,869,168	1,960,561
Public Works	509,153	570,036	515,661
Building and Public Grounds	568,127	793,050	550,995
Culture and Recreation	272,696	288,737	356,397
Solid Waste	276,741	286,300	-
Capital Outlay	34,015	100,739	63,830
Debt Service			
Principal Retirement	258,555	274,553	275,239
Interest	54,684	51,732	43,988
<b>Total Expenditures</b>	<b>4,512,124</b>	<b>4,843,763</b>	<b>4,371,346</b>
<b>Excess (Deficiency) of Revenues</b>			
<b>Over (Under) Expenditures</b>	<b>913,703</b>	<b>(22,943)</b>	<b>132,465</b>
<b>Other Financing Sources (Uses)</b>			
Transfer In	171,182	138,220	118,220
Transfer Out	(171,182)	(134,110)	(114,110)
Debt Issuance	37,300	-	-
Disposal of Capital Assets	-	113,971	1,406
	<b>37,300</b>	<b>118,081</b>	<b>5,516</b>
<b>Net Change in Fund Balances</b>	<b>951,003</b>	<b>95,138</b>	<b>137,981</b>
<b>Debt Service as a Percentage</b>			
<b>of Noncapital Expenditures</b>	<b>6.99%</b>	<b>6.80%</b>	<b>7.62%</b>

Data Source: Audited Financial Statements

\* Modified Accrual Basis of Accounting

2014	2015	2016	2017	2018	2019	2020
2,194,108	2,185,689	2,192,094	2,110,579	2,169,024	2,289,487	2,222,034
1,451,972	1,287,008	1,265,212	1,363,631	1,368,852	1,439,922	1,583,095
372,638	500,102	503,771	426,234	409,710	411,870	407,059
73,253	144,435	163,568	219,006	164,345	212,517	199,368
403,583	-	-	-	-	-	-
147,158	184,911	106,261	85,555	140,327	199,701	187,415
(2,121)	3,361	5,543	20,730	43,014	47,291	34,575
51,790	420,622	524,000	460,950	496,227	545,541	476,728
4,692,381	4,726,128	4,760,449	4,686,685	4,791,499	5,146,329	5,110,274
620,088	567,323	870,967	661,854	705,120	633,516	611,927
2,037,855	2,101,895	2,233,001	2,172,075	2,201,816	2,283,579	2,460,261
700,175	607,660	581,525	544,366	585,635	652,736	654,260
549,108	448,021	688,816	541,512	411,155	544,111	549,323
556,380	471,341	546,696	513,331	471,644	460,306	460,800
-	-	-	-	-	-	-
85,922	430,624	399,932	190,500	172,985	627,431	96,952
276,782	332,910	33,921	30,000	30,000	30,000	35,000
37,792	31,320	17,449	16,175	14,966	13,742	12,506
4,864,102	4,991,094	5,372,307	4,669,813	4,593,321	5,245,421	4,881,029
(171,721)	(264,966)	(611,858)	16,872	198,178	(99,092)	229,245
133,220	168,349	246,588	56,175	36,331	178,742	47,506
(94,110)	(133,349)	(216,588)	(56,175)	(36,331)	(3,742)	(110,721)
-	-	-	-	-	-	-
7,966	-	5,218	-	-	40,000	-
47,076	35,000	35,218	-	-	215,000	(63,215)
(124,645)	(229,966)	(576,640)	16,872	198,178	115,908	166,030
6.63%	7.47%	1.02%	1.04%	1.00%	0.84%	0.98%

## VILLAGE OF PALOS PARK, ILLINOIS

### Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years April 30, 2020 (Unaudited)

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Tax Levy Year	Residential Property	Commercial Property	Industrial Property	Farm Valuation
2010	\$ 258,132,898	\$ 29,988,778	\$ 13,322,387	\$ 47,654
2011	206,366,428	23,974,842	10,650,690	38,099
2012	191,763,106	22,277,062	9,897,182	35,403
2013	180,695,631	20,991,357	9,325,973	33,360
2014	173,752,054	20,181,064	8,973,873	23,303
2015	168,617,169	19,584,654	8,708,669	19,703
2016	176,145,947	20,459,111	9,097,512	20,583
2017	216,816,388	25,182,927	11,198,042	25,335
2018	209,599,547	24,344,701	10,825,310	24,492
2019	204,167,374	35,481,405	898,204	163,892

Data Source: Office of the County Clerk

Notes:

Property in the Village is reassessed every three years. Property is assessed at 33% of actual value.

Total Direct Tax Rate is the Village only. (Does not include overlapping rates.)

Railroad Valuation	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Ratio of Total Assessed Value to Total Estimated Actual Value
\$ 131,297	\$ 301,623,014	\$ 0.3910	\$ 904,869,042	33.33%
104,894	241,134,953	0.4990	723,404,859	33.33%
97,471	224,070,224	0.5550	672,210,672	33.33%
91,845	211,138,166	0.6000	633,414,498	33.33%
101,514	203,031,808	0.6356	609,095,424	33.33%
98,514	197,028,709	0.6635	591,086,127	33.33%
102,913	205,826,066	0.6430	617,478,198	33.33%
126,675	253,349,367	0.5580	760,048,101	33.33%
122,457	244,916,507	0.5920	734,749,521	33.33%
136,342	240,847,217	0.6130	722,541,651	33.33%

## VILLAGE OF PALOS PARK, ILLINOIS

### Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years April 30, 2020 (Unaudited)

	2010	2011	2012
Village Direct Rates			
General	\$ 0.3180	0.4020	0.4410
Illinois Municipal Retirement	0.0320	0.0430	0.0500
Police Protection	0.0410	0.0540	0.0640
Total Direct Rates	0.3910	0.4990	0.5550
Overlapping Rates			
School Districts	7.5010	9.0050	5.5270
Library	0.1260	0.1610	0.1800
County	0.4840	0.5570	0.6080
Fire Protection District	1.1930	1.4370	1.0470
Township	0.7420	0.8990	0.1080
South Palos Sanitary District *	0.2530	0.3310	0.3920
MWRD	0.2740	0.3200	0.3700

Data Source: Office of the County Clerk

#### Notes:

The Village's basic property tax rate may be increased only by a majority vote of the Village's residents. Rates for debt service are set based on each year's requirements.

Overlapping rates are those of local and county governments that apply to property owners within the Village. Not all overlapping rates apply to all Village property owners; County property tax rates for example, although the County property tax rates apply to all Village property owners, other rates (i.e., certain school districts) may apply to only certain property in the Village.

\* Only some Village residents are within the S. Palos Sanitary District

2013	2014	2015	2016	2017	2018	2019
0.4710	0.4904	0.5027	0.4767	0.4039	0.4266	0.4322
0.0570	0.0640	0.0708	0.0732	0.0679	0.0728	0.0796
0.0720	0.0812	0.0900	0.0931	0.0862	0.0926	0.1012
0.6000	0.6356	0.6635	0.6430	0.5580	0.5920	0.6130
6.0050	6.3060	6.5100	11.1930	9.7710	10.2520	10.5270
0.1950	0.2070	0.2160	0.2100	0.1820	0.2250	0.5300
0.6760	0.6540	0.6720	1.4660	0.6050	0.5660	0.5610
1.0470	1.2010	1.2550	2.1330	1.8550	1.9830	2.0430
0.1180	0.1250	0.1330	0.9320	0.8010	0.8500	0.3690
0.3610	0.4060	0.4210	0.4090	0.3450	0.3660	0.3770
0.4170	0.4300	0.4260	0.4060	0.4020	0.3960	0.3890

**VILLAGE OF PALOS PARK, ILLINOIS**

**Principal Property Tax Payers - Prior Fiscal Year and Nine Fiscal Years Ago  
April 30, 2020 (Unaudited)**

Taxpayer	2019			2012		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value
IRC (Formerly CNC)	\$ 6,925,500	1	2.88%	\$ 7,352,232	1	3.05%
Sunrise Senior Living	6,330,085	2	2.63%	6,169,214	2	2.56%
Cog Hill Golf Properties	4,437,480	3	1.84%			
James Marth	2,309,883	4	0.96%	2,437,879	3	1.01%
RDK Ventures	2,183,195	5	0.91%	934,096	8	0.39%
Glen Eagles Country Club	1,919,136	6	0.80%			
Inter Cont'l 131st Palos Park	1,692,770	7	0.70%	1,299,046	6	0.54%
Walgreen Co. Tax Dept.	1,228,639	8	0.51%	1,273,989	7	0.53%
Hackney's on the Lake, Inc.	914,072	9	0.38%			
Southwest Highway LLC	820,052	10	0.34%			
Individual				1,445,571	4	0.60%
Gas City Limited				1,379,027	5	0.57%
Alfredo Veltri				837,700	9	0.35%
Individual				831,251	10	0.34%
<b>Total</b>	<b>28,760,812</b>		<b>11.94%</b>	<b>23,960,005</b>		<b>9.94%</b>

Data Source: Office of the County Clerk and Assessor's Office

Notes:

Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Property Tax Levies and Collections - Last Ten Fiscal Years  
April 30, 2020 (Unaudited)**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 1,221,886	\$ 560,614	45.88%	\$ 633,241	\$ 1,193,855	97.71%
2012	1,200,852	614,989	51.21%	584,041	1,199,030	99.85%
2013	1,243,590	626,374	50.37%	612,839	1,239,213	99.65%
2014	1,266,829	650,932	51.38%	634,986	1,285,918	101.51%
2015	1,369,944	660,537	48.22%	634,712	1,295,249	94.55%
2016	1,396,368	679,298	48.65%	632,684	1,311,982	93.96%
2017	1,323,252	679,477	51.35%	630,728	1,310,205	99.01%
2018	1,411,912	686,077	48.59%	685,255	1,371,332	97.13%
2019	1,447,697	712,458	49.21%	686,464	1,398,922	96.63%
2020	1,475,426	740,056	50.16%	-	740,056	50.16%

Data Source - Office of the Cook County Treasurer's Office

Notes:

Total collections to date include collections within the current fiscal year and collections in subsequent years. The percentage of levy represent the ratio of total collections to date to the taxes levied for that fiscal year. Extensions include loss amounts assessed by the County. Therefore, actual collections could exceed 100%.

Property in the Village is reassessed every three years. Property is assessed at 33% of actual value.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Ratios of Outstanding Debt by Type - Last Ten Fiscal Years  
April 30, 2020 (Unaudited)**

Fiscal Year	Governmental Activities		General Obligation Bonds
	Debt Certificates	Installment Notes Payable	
2011	\$ 1,283,890	\$ 274,553	\$ 2,295,000
2012	1,008,300	275,590	2,175,000
2013	734,274	23,272	2,055,000
2014	720,000	11,831	1,925,000
2015	395,000	3,921	1,790,000
2016	365,000	-	1,650,000
2017	335,000	-	1,505,000
2018	305,000	-	1,360,000
2019	275,000	-	1,210,000
2020	240,000	-	1,050,000

Note: The Village's outstanding debt can be found in the Notes to the Financial Statements

(1) See the Schedule of Assessed Value and Actual Value of Taxable Property for property value data.

(2) See the Schedule of Demographic and Economic Statistics for population data.

Business-Type Activities					
Installment Notes Payable	Public Benefit Debt	Total Primary Government	Percentage of Assessed Valuation (1)	Per Capita (2)	
\$ -	\$ 283,201	\$ 4,136,644	1.72%	\$ 853.44	
-	245,491	3,704,381	1.65%	764.26	
23,272	207,781	3,043,599	1.44%	627.93	
11,830	170,072	2,838,733	1.40%	585.67	
3,920	132,362	2,325,203	1.18%	479.72	
-	94,652	2,109,652	1.02%	435.25	
-	56,942	1,896,942	0.75%	391.36	
-	19,232	1,684,232	0.66%	347.48	
-	-	1,485,000	0.61%	306.38	
-	-	1,290,000	0.54%	266.14	

**VILLAGE OF PALOS PARK, ILLINOIS**

**Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years  
April 30, 2020 (Unaudited)**

Fiscal Year	Governmental Activities		Business-Type Activities		Less: Amounts Available for Debt Service	Total	Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
	Debt Certificates		General Obligation Bonds					
2011	\$ 1,283,890		\$ 2,295,000		\$ -	\$ 3,578,890	1.19%	\$ 738.37
2012	1,008,300		2,175,000		-	3,183,300	1.32%	656.76
2013	734,274		2,055,000		-	2,789,274	1.24%	575.46
2014	720,000		1,925,000		-	2,645,000	1.25%	545.70
2015	395,000		1,790,000		-	2,185,000	1.08%	450.79
2016	365,000		1,650,000		-	2,015,000	1.02%	415.72
2017	335,000		1,505,000		-	1,840,000	0.89%	379.62
2018	305,000		1,360,000		-	1,665,000	0.66%	343.51
2019	275,000		1,210,000		-	1,485,000	0.61%	306.38
2020	240,000		1,050,000		-	1,290,000	0.54%	266.14

Data Source: Audited Financial Statements

Note: Details of the Village's outstanding debt can be found in notes to financial statements.

(1) See the Schedule of Assessed Value and Actual Value of Taxable Property for property value data.

(2) See the Schedule of Demographic and Economic Statistic for population data.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Schedule of Direct and Overlapping Governmental Activities Debt  
April 30, 2020 (Unaudited)**

Governmental Unit	Gross Debt	Percentage of Debt Applicable to the Village of Palos Park (1)	Village of Palos Park Share of Debt
Village of Palos Park	\$ 240,000	100.00%	\$ 240,000
<b>Overlapping Debt</b>			
Cook County	2,803,851,750	0.145%	4,053,809
Cook County Forest Preserve District	140,990,000	0.145%	203,843
Metropolitan Water Reclamation District	2,274,859,669	0.147%	3,346,126
Lemont Public Library	2,140,000	100.000%	2,140,000
Lemont Park District	7,922,000	0.964%	76,405
South Palos Twp. Sanitary District	308,000	6.221%	19,160
<b>Schools</b>			
School District 113A	3,732,838	0.767%	28,648
Comm. Consolidated School Dist. 118	8,100,000	28.638%	2,319,652
High School District 210	35,405,000	0.760%	269,024
High School Dist. 230	5,595,000	4.783%	267,637
Community College 524	47,410,000	2.287%	1,084,381
Community College 525	60,280,000	0.043%	25,697
<b>Total Overlapping Debt</b>	<u>5,390,594,257</u>		<u>13,834,381</u>
<b>Total Direct and Overlapping Debt</b>	<u><u>5,390,834,257</u></u>		<u><u>14,074,381</u></u>

Data Source: Office of the Cook County Clerk, Office of the Comptroller of the State of Illinois and Treasurer of the Metropolitan Water Reclamation District.

(1) Determined by ratio of assessed valuation of property subject to taxation in the Village to valuation of property subject to taxation in overlapping unit.

**VILLAGE OF PALOS PARK, ILLINOIS**

**Schedule of Legal Debt Margin - Last Ten Fiscal Years  
April 30, 2020 (Unaudited)**

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	2011	2012	2013	2014
Legal Debt Limit	\$ 25,511,830	26,014,985	19,326,057	18,210,667
Total Net Debt Applicable to Limit	2,295,000	2,175,000	2,055,000	1,925,000
Legal Debt Margin	22,951,027	23,216,830	17,271,057	16,285,667
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.00%	8.36%	10.63%	10.57%

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Data Source: Village Records

Note:

G.O. Alternative bonds are considered G.O. Bonds in these calculations even though they are to be paid by water and sewer revenues.

2015	2016	2017	2018	2019	2020
17,511,235	16,993,726	17,752,498	21,851,383	21,124,049	20,533,072
1,790,000	365,000	335,000	305,000	275,000	240,000
15,721,235	16,628,726	17,417,498	21,546,383	20,849,049	20,293,072
10.22%	2.15%	1.89%	1.40%	1.30%	1.17%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed Value	<u>\$ 240,847,217</u>
Bonded Debt Limit - 8.625% of Assessed Value	20,773,072
Amount of Debt Applicable to Limit	<u>240,000</u>
Legal Debt Margin	<u>20,533,072</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

**Pledged Revenue Coverage - Last Ten Fiscal Years  
April 30, 2020 (Unaudited)**

Fiscal Year	Water Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2011	\$ 2,176,330	\$ 1,456,035	\$ 720,295	\$ 156,116	101,850	2.79
2012	2,162,336	1,536,216	626,120	164,720	100,274	2.36
2013	2,332,944	1,846,347	486,597	161,322	95,023	1.90
2014	2,462,290	1,183,897	1,278,393	175,309	88,483	4.85
2015	2,306,253	2,001,837	304,416	180,620	71,307	1.21
2016	2,388,377	1,817,242	571,135	143,920	93,604	2.40
2017	2,416,969	1,943,438	473,531	145,000	71,556	2.19
2018	2,489,111	2,044,568	444,543	145,000	60,185	2.17
2019	2,436,250	2,189,418	246,832	150,000	58,989	1.18
2020	1,979,075	1,711,639	267,436	160,000	47,841	1.29

Notes:

Details of the Village's outstanding debt can be found in the Notes to the Financial Statements

Water Charges and Other includes investment earnings but no tap-on fees.

Operating expenses do not include interest or depreciation.

Special Assessment projects within the Village are not pledged by Village funds; projects are funded by Village residents through direct collections and, therefore are not recorded here.

## VILLAGE OF PALOS PARK, ILLINOIS

### Demographic and Economic Statistics - Last Ten Fiscal Years April 30, 2020 (Unaudited)

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Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2011	4,847	\$ 367,852,050	\$ 78,450	8.70%
2012	4,847	412,964,400	78,450	9.00%
2013	4,847	429,579,916	77,304	9.40%
2014	4,847	429,579,916	76,700	7.70%
2015	4,847	429,579,916	77,500	6.00%
2016	4,847	374,692,488	77,304	6.50%
2017	4,847	429,579,916	84,609	4.40%
2018	4,847	480,996,892	84,609	3.60%
2019	4,847	480,996,892	84,609	3.60%
2020	4,847	480,996,892	84,609	3.60%

Data Source: Population is from the U.S. Bureau of the Census

**VILLAGE OF PALOS PARK, ILLINOIS**

**Principal Employers - Prior Fiscal Year and Seven Fiscal Years Ago  
April 30, 2020 (Unaudited)**

Employer	2020		2012	
	Rank	Percentage of Total Village Employment	Rank	Percentage of Total Village Employment
Cog Hill Golf Course	1	6.19%		
Holly Family Villa	2	3.88%	1	4.52%
Jewel	3	3.09%	2	4.27%
Sunrise Assisted Living	4	2.06%	3	2.13%
Village of Palos Park	5	1.71%	4	1.30%
Glen Eagles Country Club	6	1.03%		
Francesca's	7	0.76%	5	1.07%
Hackney's	8	0.72%	7	0.58%
Walgreens	9	0.41%	6	1.07%
McDivott's	10	0.25%	8	0.32%
		<u>20.1%</u>		<u>15.26%</u>

Note: Telephone canvass of employers performed in 2018. Top 8 employees in 2012 was all that could be obtained

**VILLAGE OF PALOS PARK, ILLINOIS**

**Full-Time and Part-Time Employees by Function/Program - Last Ten Fiscal Years  
April 30, 2020 (Unaudited)**

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Function/Program	2011	2012	2013
General Government			
Administration	4.30	4.30	4.30
Building and Zoning	3.50	3.50	3.50
Finance	2.00	2.00	1.50
Police			
Officers FT	9.00	9.00	9.00
Officers PT	22.00	23.00	24.00
Civilians	2.00	2.00	2.00
Public Works			
Water Department	4.60	4.60	4.60
Sewer Department	1.40	1.40	1.40
Street Maintenance	4.50	3.50	4.50
Recreation	2.50	2.50	3.00
Totals	<u>55.80</u>	<u>55.80</u>	<u>57.80</u>

Data Source: Village Finance Department Payroll

2014	2015	2016	2017	2018	2019	2020
4.30	4.30	4.30	4.30	4.30	4.00	4.50
3.50	3.50	3.50	3.50	3.50	3.50	3.50
1.50	1.50	1.50	1.50	1.50	1.50	1.50
9.00	9.00	9.00	9.00	9.00	9.00	12.00
24.00	20.00	23.00	23.00	23.00	23.00	20.00
2.00	2.00	2.00	2.00	2.00	2.00	2.00
4.60	4.60	4.60	4.60	4.60	4.60	4.60
1.40	1.40	1.40	1.40	1.40	1.40	1.91
4.50	4.50	4.50	4.50	4.50	4.50	4.50
3.00	3.00	3.00	3.00	3.00	3.00	4.00
57.80	53.80	56.80	56.80	56.80	56.50	58.51

**VILLAGE OF PALOS PARK, ILLINOIS**

**Operating Indicators by Function/Program - Last Ten Fiscal Years  
April 30, 2020 (Unaudited)**

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Function/Program	2011	2012	2013
Public Safety			
Police (1)			
Physical Arrests	217	186	183
Parking Violations	1,307	987	982
Traffic Violations	1,383	885	953
Public Works			
Street Resurfacing (Miles)	-	0.66	0.80
Pothole Repairs	75-150	50-75	80-140
Water			
New Connections	6	4	2
Water Main Breaks	2	7	4
Average Daily Consumption (2)	404,000	474,000	501,000
Peak Demand	906,000	969,000	823,000

Data Source: Appropriate Village Departmental

(1) Police data is available only on the calendar year; for instance, FY 20 covers January 2019- December 2019.

(2) Average Gallons per Day

Note: The Village does not treat wastewater. It is treated by MWRD.

2014	2015	2016	2017	2018	2019	2020
202	211	240	136	223	257	111
997	1,198	1,048	728	1,359	1,260	1,002
956	1,925	864	470	687	517	450
0.90	1.19	1.30	0.10	0.50	20.13	-
722	1,524	2,769	150-175	4,165	6,497	600
8	4	5	4	10	5	6
44	12	15	8	11	7	4
437,000	407,813	402,186	408,000	425,000	429,132	425,191
702,000	708,000	750,000	684,000	725,000	810,000	765,000

**VILLAGE OF PALOS PARK, ILLINOIS**

**Capital Asset Statistics by Function/Program - Last Ten Fiscal Years  
April 30, 2020 (Unaudited)**

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Function/Program	2011	2012	2013
Public Safety			
Police			
Stations	1	1	1
Patrol Units	8	8	8
Public Works			
Residential Streets (Miles)	14.70	14.70	14.70
Water			
Water Mains (Miles)	52.24	52.24	52.24
Fire Hydrants	730	730	731
Storage Capacity (Gallons)	1,300,000	1,300,000	1,300,000
Wastewater			
Sanitary Sewer (Miles)	39.37	39.37	39.37
Storm Sewers (Miles)	7.67	7.67	7.67

Data Source: Appropriate Village Departmental Directors

Note: All Village arterial streets, streetlights and traffic signals are not owned by the Village.

2014	2015	2016	2017	2018	2020
1 8	1 8	1 8	1 8	1 8	1 8
14.70	14.70	14.70	14.70	14.70	14.70
52.24 731 1,300,000	52.24 731 1,300,000	52 731 1,300,000	52 731 1,300,000	52 731 1,300,000	52 731 1,300,000
39.37 7.67	39.37 7.67	39.37 7.67	39.37 7.67	39.37 7.67	39.37 7.67