

VILLAGE OF PALATINE, ILLINOIS



ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED
DECEMBER 31, 2022

VILLAGE OF PALATINE, ILLINOIS

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**For the Year Ended
December 31, 2022**

Prepared by the Finance Department

**Paul D. Mehring, CPA
Finance Director/Village Treasurer**

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INTRODUCTORY SECTION

VILLAGE OF PALATINE, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2022

MAYOR

Jim Schwantz

VILLAGE COUNCIL

Tim Millar	District 1
Scott Lamerand	District 2
Doug Myslinski	District 3
Greg Solberg	District 4
Kollin Kozlowski	District 5
Brad Helms	District 6

VILLAGE CLERK

Margaret Duer

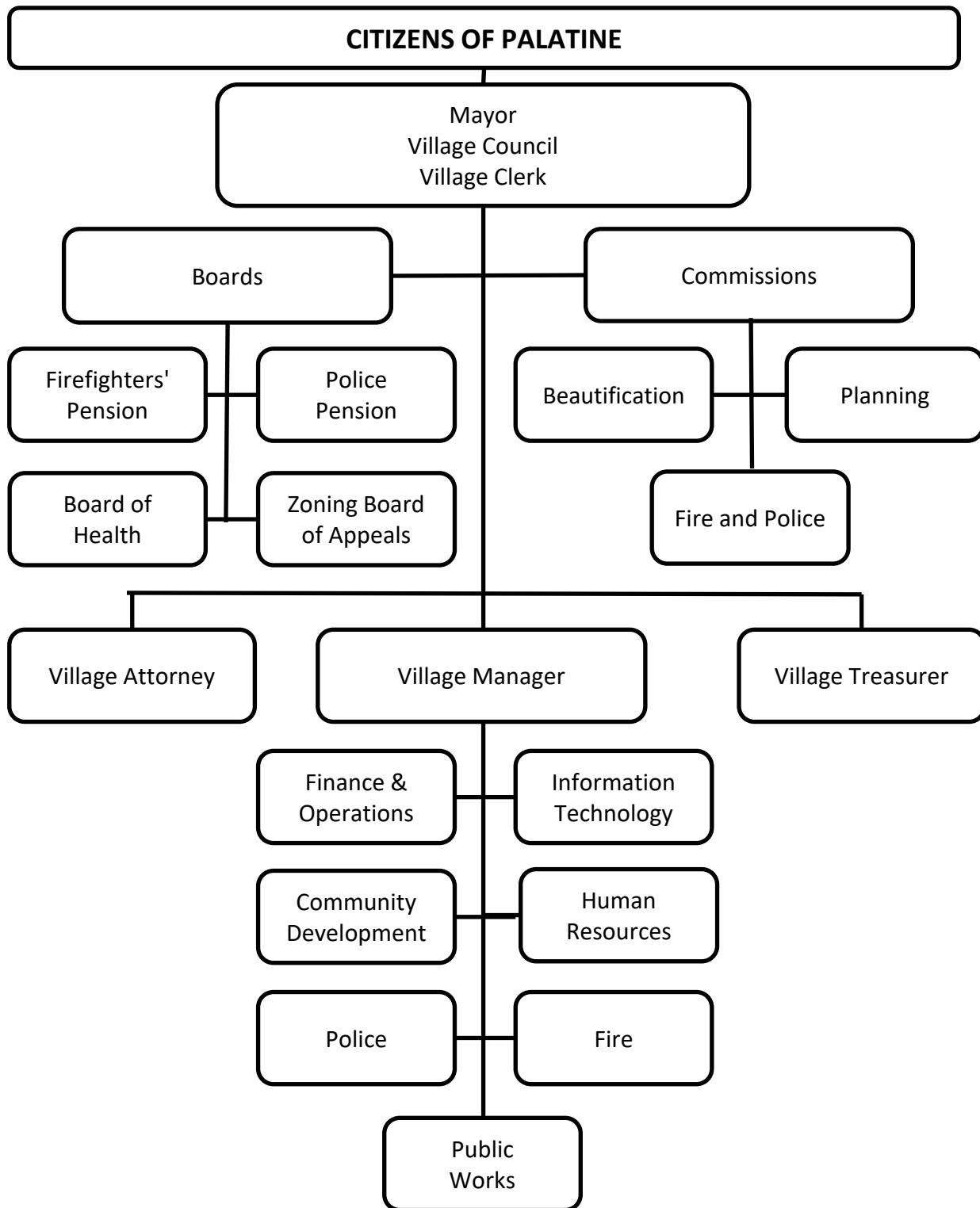
ADMINISTRATIVE

Reid Ottesen	Village Manager
Patrick Brankin	Village Attorney
Paul Mehring	Finance Director/Village Treasurer

VILLAGE OF PALATINE, ILLINOIS

ORGANIZATION CHART

December 31, 2021





Government Finance Officers Association

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

Presented to

**Village of Palatine
Illinois**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Monill

Executive Director/CEO

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VILLAGE *of* PALATINE

DEPARTMENT OF FINANCE & OPERATIONS

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Telephone (847) 359-9088 · Fax (847) 202-6672

www.palatine.il.us

May 15, 2023

Mayor Schwantz

Members of the Village Council

Village Manager Ottesen

Citizens of the Village of Palatine, Illinois

State law requires that all general-purpose governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the Village of Palatine, Illinois for the year ended December 31, 2022.

This report consists of management's representations concerning the finances of the Village. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Village has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Village's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Village's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Village's financial statements have been audited by Sikich LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Village for the calendar year ended December 31, 2022, 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 independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Village's financial statements for the calendar year ended December 31, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Village of Palatine

The Village of Palatine, incorporated on March 19, 1866, is located approximately 30 miles northwest of the City of Chicago in Cook County. The Village has a land area of 15 square miles and a population of 67,713. The Village is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The Village operates under the Council/Manager form of government. It is a home-rule community as defined by the Illinois Constitution. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's manager and attorney. The government's manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three council members elected every two years. The mayor is elected to serve a four-year term. The council members are elected by district and the mayor is elected at large.

The Village provides a full range of municipal services as contemplated by statute or charter. These services include public safety, highways and streets, health services, refuse collection, public improvements, planning and zoning, engineering and inspection, water and sewer utility services, and general administrative services. Separately governed taxing bodies provide other public services such as library services, education, and parks and recreation.

The Village of Palatine has adopted sections 5/8-2-9.1, through and including sections 5/8-2-9.10 of Chapter 65 of the Illinois Compiled Statutes providing for an annual municipal budget in lieu of the passage of an annual appropriation ordinance. The annual budget serves as the foundation for the Village's financial planning and control. All departments of the Village are required to submit requests for appropriation to the Village Manager each year. The Village Manager uses these requests as the starting point for developing a proposed budget. The Village Manager then presents this proposed budget to the Mayor and Village Council for review. The Mayor and Council are required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 31, the close of the Village's fiscal year. The appropriated budget is prepared by fund and department. The Village Manager may make transfers of appropriations within a fund. Transfers of appropriations between funds, however, require the special approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, Downtown TIF Fund, Coronavirus State and Local Fiscal Recovery Grant Fund, and Capital Equipment Replacement Fund this comparison is presented on pages 75-77 as part of the basic financial statements for the governmental funds. For governmental funds, other than the major funds, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 94.

There are many factors that influence the economy of a specific community and various measures are used to gauge the economic outlook. Perhaps four of the most objective measures are the level of retail sales, the employment level of the community, income levels in the community, and building activity. In Illinois, sales taxes are collected based upon the point-of-sale, and accordingly represent the sales in the community. Total sales tax revenue for calendar year 2022 increased by 45% over the prior year.

Palatine's average unemployment rate is some 1.3% lower than the state average and has consistently been 1% to 2% lower than state and national averages. Palatine's median family income, as of the 2020 census, ranked the Village 197th in the State of Illinois and 21.2% higher than the median for the State of Illinois. Currently, the Village is realizing the results of economic growth over the last ten years. This growth has come through increased residential and commercial/industrial construction.

In a suburban setting where it is often difficult to distinguish the boundaries of one community from a neighboring community, the economic activity of the "region" is a major influence on the economies of the individual communities. The Village of Palatine is located on the northern edge of the "I-90 Corridor" which extends along Interstate 90 from O'Hare Airport to Elgin, a stretch of approximately 25 miles. The Village of Palatine benefits from easy access to the northwest suburban road network (including Northwest Highway, Rand Road, Dundee Road, Route 53, and Interstates 90, and 290). In addition, downtown Palatine contains a train station on Metra's Northwest Line (which provides service to communities from Harvard to Chicago).

The following is a discussion of some of the major development projects recently completed, under construction, or recently approved:

Northwest Highway Corridor – The redevelopment of the former Weber-Stephen property near Northwest Highway and Hicks Road (approximately 25 acres) has been completed, consisting of two warehouse/distribution buildings totaling nearly 425,000 square feet. The re-establishment of a gas station at the corner of Northwest Highway and Creekside Drive has received zoning approval. This will include the replacement of the underground fuel storage tanks and the conversion of the existing building into two separate commercial tenant spaces.

Rand and Dundee Corridors – The redevelopment of the remainder of the former Knupper Nursery site on Rand Road is complete, resulting in the opening of an approximately 16,000 square foot Volkswagen dealership. This new Volkswagen dealership is located directly north of the Napleton Automotive Group's new Mazda and Subaru dealerships. The construction of a new Belle Tire store is underway just south of the Arlington Toyota site. Building and façade renovations were completed at the Park Place shopping center for a new U-Haul Self Storage facility. The Village approved a redevelopment agreement with the shopping center owner to facilitate a new grocery store to occupy the former Whole Foods tenant space. The redevelopment agreement provides TIF assistance towards planned façade improvements and potential out lot development. Lastly, McGrath Kia has received Village zoning approvals to remodel and expand their existing Kia dealership on Dundee Road and construct a new service center on an adjacent property.

Other Areas – An approximately 25 acre site on Algonquin Road is currently being developed with a new 368,000 square foot warehouse/distribution building.

Long-Term Financial Planning and Major Initiatives

In addition to the economic development projects mentioned above, the Village has demonstrated a commitment to maintaining its infrastructure. In 2022, the Village spent over \$8.5 million to maintain and improve its transportation system. The Village uses the PAVER system to track the condition of its streets. This system assigns a rating to a street based on an assessment of its physical condition. The Village uses these ratings to annually develop a prioritized listing of streets in need of repair.

The Village has placed a heavy focus on its aging utility (water and sewer) infrastructure. In 2022, the Village performed a Village-wide study and evaluation of the current state of its storm water infrastructure in addition to looking out twenty years to determine what will be required to maintain the system over that horizon. This study resulted in a long-term maintenance and replacement plan to ensure the systems continue functioning as required by the Village's customers. For 2022, over \$3.6 million was spent to maintain and improve water and sewer infrastructure.

Palatine will continue to participate in the strong economic growth of the area through its emergence as an ideal place to live and raise a family. One of Palatine's strongest qualities is the residential character of the Village. With an excellent range of housing, increasing property values, access to transportation, outstanding schools and parks, a power shopping corridor on Dundee Road, and economical municipal services, Palatine will continue to attract residents, employers and customers to the Village. These factors coupled with the commitment by Village officials to address emergent issues should enable the Village to maintain its economic stability for years to come.

Relevant Financial Policies

As in previous years, during 2022, the Village provided for General Fund contributions above and beyond the actuarially required amount to the Police and Firefighters' Pension Funds to amortize the unfunded liability more quickly, which will save future property tax dollars.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Palatine for its annual comprehensive financial report for the fiscal year ended December 31, 2021. This was the 22nd consecutive year that the Village has received this prestigious award. To be awarded a Certificate of Achievement, the Village published an easily readable and efficiently organized report. This report satisfied both GAAP and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report.

Additionally, I would like to acknowledge the Mayor, Village Council, and Village Manager for their leadership and support in planning and conducting the financial operations of the Village in a responsible and progressive manner.

Respectfully submitted,



Paul D. Mehring, CPA
Finance Director/Village Treasurer

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FINANCIAL SECTION

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Naperville, IL 60563
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SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the Village Council
Village of Palatine, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Palatine, Illinois (the Village), as of and for the year ended December 31, 2022, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Village of Palatine, Illinois as of December 31, 2022, 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.

We did not audit the financial statements of the investment in the joint venture of the Northwest Water Commission, which represents 28.28%, 31.18% and 4.80%, respectively, of the assets, net position and revenues of the Water Fund information that are included in the Village's financial statements as an equity joint venture. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Village's investment in joint venture, is based on the report of the other auditor.

Change in Accounting Principle

As described in Note 16 to the financial statements, in 2022, the Village adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Northwest Water Commission were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management 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 and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards

Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual fund financial statements and schedules and supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and supplementary information 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.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory, statistical sections and additional disclosures required by SEC Rule 15c2-12 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2023 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
May 15, 2023

General Purpose External Financial Statements

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the Village of Palatine (Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village. We encourage readers of this document to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal that begins on page iv and the Village's financial statements that begin on page 3.

FINANCIAL HIGHLIGHTS

VILLAGE FUNDS AS A WHOLE

On December 1, 2022, the Village called and redeemed the outstanding \$1,840,000 principal of the General Obligation Refunding Bonds, Series 2014A. This redemption reduced future debt service payments by \$2,022,812 and resulted in interest savings of \$182,812.

The Village's combined contribution to the PPERS and FPERS exceeded the actuarially required contribution by \$3.5 million to accelerate the amortization of the net pension liability beyond the actuarially calculated amount.

The Village implemented GASB Statement Number 101, *Compensated Absences*.

The statement of net position presents information on all the Village's assets/deferred outflows and liabilities/deferred inflows with the difference reported as net position.

- **Net position** was \$228.1 million.
- **Change in net position** was an increase of \$24.6 million.
- **Combined revenues** totaled \$120.3 million, an increase of 9.5%
- **Combined expenses** totaled \$95.7 million, an increase of 21.9%

GENERAL FUND

- **Revenues** for the fiscal year totaled \$72.6 million, an increase of \$5.0 million.
- **Expenditures** for the fiscal year totaled \$65.2 million, an increase of \$6.6 million.
- **Fund Balance** as of year-end was \$40.9 million.
- **Net change in fund balance** was an increase of \$5.7 million.

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS-TYPE ACTIVITIES

- **Operating revenues** totaled \$22.1 million, an increase of \$0.4 million.
- **Operating expenses** totaled \$13.9 million, a decrease of \$0.3 million.
- **Depreciation of capital assets**, a non-cash expense totaling \$3.0 million, is not included in the operating expenses total.

LONG-TERM DEBT

- **Bonded Debt for governmental activities outstanding** at year-end decreased \$5.2 million to \$29.4 million during the year.
- **Bonded Debt for business-type activities outstanding** at year-end decreased \$3.6 million to \$2.5 million during the year.
- **Net Pension Liability for Public Safety Pensions** increased \$56.5 million to \$136.2 million. This includes the liabilities for both Police and Firefighters' Pension Funds.
- **Net Pension Liability for IMRF** (non-sworn employees) decreased \$7.4 million and is now an asset of \$9.3 million as of December 31, 2021.

CAPITAL INVESTMENT

- **Village-wide assets**, net of depreciation, total \$255.3 million at year-end, an increase of \$2.1 million.
- **Governmental capital assets**, net of depreciation, decreased \$0.2 million to \$205.6 million.
- **Business-type capital assets**, net of depreciation, increased \$2.3 million to \$49.7 million, primarily for infrastructure.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Village's basic financial statements. The notes to the financial statements are considered integral to the financial statements. In addition to the basic financial statements and notes, this report also contains required supplementary, other supplementary, and statistical information.

The Village's basic financial statements comprise two components: 1) Government-wide financial statements and 2) Fund financial statements. The combination of government-wide and fund financial statements allows the Village to present fairly and with full disclosure, the funds and activities of the Village and to demonstrate compliance with finance-related legal and contractual provisions.

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Financial Statements are intended to provide an aggregated overview of the Village's net position and changes in net position. The government-wide financial statements report on the government as a whole using the same basis of accounting and measurement focus as a private-sector business. The government-wide financial statements can be found on pages 4 – 6 of this report.

Fund financial statements assist in assessing whether the government has raised and spent financial resources in accordance with budget plans and in compliance with finance-related legal requirements. Certain funds, referred to as governmental funds, focus on the short-term flow of current financial resources, rather than on the flow of economic resources. Other funds, referred to as proprietary and fiduciary funds, account for the business-type and certain fiduciary activities of the government. These funds follow accounting and reporting principles similar to those of business organizations.

Governmental funds. These funds are a generic classification used to refer to all funds other than proprietary and fiduciary funds. The Village has sixteen (16) governmental funds to account for governmental functions. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for those governmental funds considered to be "major" funds.

Governmental funds account for the inflows and outflows of current financial resources. No long-lived assets such as land, buildings, and equipment, nor any long-term liabilities such as bonds payable, are reported on the governmental funds balance sheet. Financial resources must be available to pay current-period obligations. The basic governmental fund financial statements can be found on pages 7 - 12 of this report.

Proprietary funds. These funds are sometimes referred to as business-type funds of local government. Examples of proprietary funds are enterprise funds and internal service funds. The Village maintains four enterprise funds: the Waterworks, Sewerage, Motor Vehicle Parking System, and Refuse Collection Funds. The Waterworks and Sewerage Funds are considered to be major funds of the Village. The Village maintains two internal service funds: the Fleet Services and Casualty and Liability Insurance Funds. The basic proprietary fund financial statements can be found on pages 13 - 18 of this report.

Fiduciary funds. These funds are used to account for resources held for the benefit of parties outside the government. This includes the Village's two pension trust funds. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Village's own programs. The basic fiduciary fund financial statements can be found on pages 19 - 20 of this report.

Notes to the financial statements. These notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 74 of this report.

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's progress in funding its obligation to provide pension benefits, as well as budgetary comparison schedules for major funds for which an appropriation was approved. Required supplementary information can be found on pages 79 - 93 of this report.

Other supplementary information. This includes combining and individual fund statements and schedules, which can be found beginning on page 127 of this report.

Statistical information. The statistical section of the annual report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementation information says about the Village's overall financial health. Statistical information can be found beginning on page 144.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Position

The Statement of Net Position (presented in millions) is a high-level view of the total assets, deferred outflows, liabilities and deferred inflows of the primary government. The resulting net position is allocated to three categories: Net Investment in Capital Assets, Restricted funds and Unrestricted funds. Net assets may serve over time as a useful indicator of a government's financial position.

	<i>Current Year</i>			<i>Prior Year</i>		
	<i>Govern-</i> <i>ment-</i> <i>Activities</i>	<i>Business-</i> <i>type</i> <i>Activities</i>	<i>Total</i>	<i>Govern-</i> <i>ment-</i> <i>Activities</i>	<i>Business-</i> <i>type</i> <i>Activities</i>	<i>Total</i>
	\$ 144.8	\$ 36.1	\$ 180.9	\$ 121.6	\$ 36.3	\$ 157.9
Current and other assets	205.6	49.7	255.3	205.8	47.4	253.2
Capital assets	350.4	85.8	436.2	327.4	83.7	411.1
Deferred outflows of resources	48.2	1.6	49.8	12.6	1.7	14.3
Noncurrent liabilities	180.5	4.3	184.8	132.8	8.1	140.9
Other liabilities	16.3	2.4	18.7	11.3	2.1	13.4
Total liabilities	196.8	6.7	203.5	144.1	10.2	154.3
Deferred inflows of resources	52.3	2.1	54.4	66.2	1.4	67.6
Net position						
Net investment in capital assets	179.8	46.9	226.7	177.2	41.0	218.2
Restricted	24.1	-	24.1	16.9	-	16.9
Unrestricted	(54.4)	31.7	(22.7)	(64.4)	32.8	(31.6)
Total net position	\$ 149.5	\$ 78.6	\$ 228.1	\$ 129.7	\$ 73.8	\$ 203.5

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Total assets increased \$25.1 million during the year, including a decrease of \$2.2 million in cash and investments due to net operations. The current year also includes an increase of \$0.6 million for a total of \$15.1 million in the Village's equity investment in Northwest Water Commission (NWC). The Village is a member of NWC which consists of four municipalities. NWC is a municipal corporation and public body politic and corporate established pursuant to the Intergovernmental Cooperation Act of the State of Illinois. NWC is empowered to plan, construct, improve, extend, acquire, finance, operate and maintain a water supply system to serve its members and other potential water purchasers. Capital assets increased \$2.1 million for the year.

Deferred outflows of resources increased \$35.6 million over the year. This is mostly attributable to the pension items for the Police and Firefighters Pension Funds, which increased a combined \$35.8 million due to negative investment experience during the year. Other Post-Employment Benefits (OPEB) saw a decrease of \$0.3 million. OPEB liability relates to health insurance provided to 1) retired eligible employees who pay the full premium, and 2) health insurance costs for any public safety employees awarded Public Safety Employee Benefits Act (PSEBA) benefits due to sustained catastrophic injuries while responding to emergencies. Another required deferred outflow represents the cost to retire water wells from service calculated at \$1.2 million.

Total liabilities increased \$49.2 million for the year. Other liabilities increased \$5.3 million. Non-current liabilities increased \$43.9 million. Of this amount, the increase to net pension liability for public safety pensions (sworn employees) totaled \$56.5 million. The net pension liability for non-sworn employees through the Illinois Municipal Retirement Fund (IMRF) decreased \$7.4 million, making it a net pension asset of \$9.3 million. Outstanding bonded debt decreased \$8.8 million.

Deferred inflows of resources decreased \$13.2 million over the year. Deferred inflows for pension items accounted for most of the net decrease. While IMRF increased \$4.3 million, the police and fire pensions saw a combined decrease of \$20.3 million. Changes to deferred inflows relating to the property tax levy and other postemployment benefits make up the remainder of the change.

As of year-end, net position for the Village was \$228.1 million. The largest portion of the Village's net position reflects its investment in capital assets (e.g., land, infrastructure, buildings, and equipment) less any related debt used to acquire those assets still outstanding. Although the Village's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Village's net assets (\$24.1 million) represents resources that are subject to external restrictions relative to their use.

The remaining balance of unrestricted net position may be used to meet the Village's ongoing obligations to citizens and creditors. Unrestricted net position is in a deficit position at year-end as GASB requires the Village to recognize the net pension liability totaling \$136.2 million at year-end for its three pension plans and requires the Village to recognize net other postemployment

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

benefit obligations totaling \$10.6 million. Unrestricted net position increased \$8.9 million from the previous fiscal year primarily due to revenues exceeding expenses.

Statement of Activities

The Statement of Activities illustrates the change in net position throughout the fiscal year. A snapshot of the statement is provided below, with greater detail on pages 5 – 6 of this report.

	<i>Current Year</i>			<i>Prior Year</i>		
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
Revenues						
Program revenues						
Charges for services	\$ 15.3	\$ 22.7	\$ 38.0	\$ 12.7	\$ 21.9	\$ 34.6
Operating grants	3.8	-	3.8	3.6	-	3.6
Capital grants and contributions	4.7	-	4.7	1.8	-	1.8
General revenues						
Property taxes	35.4	-	35.4	34.8	-	34.8
Other taxes	11.0	-	11.0	10.4	-	10.4
Other revenues	27.7	(0.3)	27.4	24.7	-	24.7
Total revenues	97.9	22.4	120.3	88.0	21.9	109.9
Expenses						
Governmental activities						
General government	3.9	-	3.9	3.4	-	3.4
Public safety	56.6	-	56.6	41.8	-	41.8
Public works	12.4	-	12.4	11.1	-	11.1
Economic development	5.0	-	5.0	3.9	-	3.9
Interest & fiscal charges	0.9	-	0.9	1.1	-	1.1
Business-type activities						
Waterworks	-	7.7	7.7	-	8.0	8.0
Sewerage	-	3.5	3.5	-	3.5	3.5
Motor vehicle parking	-	1.2	1.2	-	1.3	1.3
Refuse collection	-	4.5	4.5	-	4.4	4.4
Total expenses	78.8	16.9	95.7	61.3	17.2	78.5
Change in net position before transfers	19.1	5.5	24.6	26.7	4.7	31.4
Transfers	0.7	(0.7)	-	1.1	(1.1)	-
Change in net position	19.8	4.8	24.6	27.8	3.6	31.4
Net position, beginning	129.7	73.8	203.5	101.9	70.2	172.1
Net position, ending	\$ 149.5	\$ 78.6	\$ 228.1	\$ 129.7	\$ 73.8	\$ 203.5

Overall, revenues for the Village totaled \$120.3 million, an increase of \$10.4 million from the prior year. Expenses village-wide totaled \$95.4 million, an increase of \$17.2 million from the prior

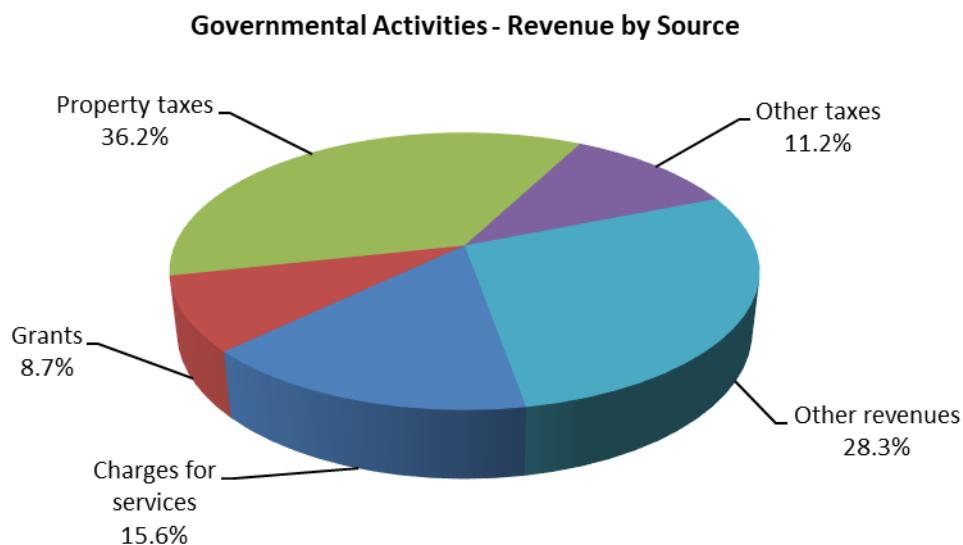
year. The resulting change from the fiscal year activities is an increase in net position of \$24.6 million, representing growth of 12.3%.

Governmental Activities

As is typical for governmental activities of local governments, program revenues cover a small percentage of program expenses, with general revenues covering the majority of expenses. For this year, governmental program expenses of \$78.8 million exceeded program revenues of \$23.8 million by \$55.0 million; general revenues of \$74.1 million are used to make up the difference. With governmental revenues performing better than anticipated while expenses remained low, the Village experienced an \$19.8 million surplus in governmental activities.

Revenues

The following graph indicates the breakdown of governmental revenue by type for the year. Diversification by source is an important factor in financial stability. The Village does not rely heavily on any one category.



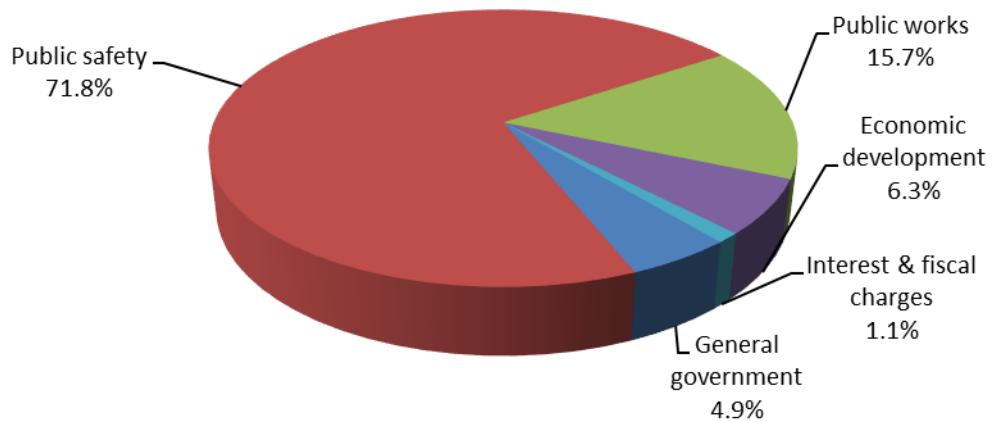
- Charges for services increased \$2.6 million for the year and grant revenues also increased by \$3.1 million. In the current year, the Village recognized \$3.3 million in pandemic-related grants.
- Revenue from taxes increased \$1.2 million. The Property Tax and Home Rule Sales Tax increased by \$0.5 million and \$2.4 million, respectively.
- Other revenues of \$27.7 million (including transfers) increased \$3.0 million. This category includes state shared sales and income taxes, other intergovernmental revenues, investment income, and other miscellaneous revenues.

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenses

Governmental activity expenses represent the costs to operate the Village's core services, excluding water, sewer, and refuse service and commuter parking. The following chart shows the breakdown of governmental expenses by activity.

Governmental Activities - Expenses by Function



- Public safety expenses, which account for the largest share, increased by \$14.8 million (35.4%) to \$56.6 million. Most of the increase in police and fire pension liability due to negative market returns represents a significant portion of the increase in public safety expenses. As the change in pension obligation is not a source or use of funds, it is only shown in the high-level Statement of Activities and not the remainder of financial reports within the report. There was also a large capital outlay expenditure related to pandemic grant funding.
- Public works expenses increased \$1.3 million (11.7%) over the prior year. This increase is due to increased capital outlay expenditures on the Village's transportation systems (streets, sidewalks, rights-of-way).
- General government expenses increased \$0.5 million (14.7%) from the prior year due to an increase in expenditures that had been suspended/delayed due to the pandemic.

Business-Type Activities

The Waterworks, Sewerage, Commuter Parking System, and Refuse Funds' activity resulted in an increase to net position of \$4.8 million from the year's activity. Net position ended the year with \$78.6 million.

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues

Total revenue for the business-type activities experienced a \$0.5 million (2.3%) increase in the current year, mainly due to increased water and sewer rates.

Expenses

Business-type activity total expenses decreased by \$.03 million (1.7%), which was mainly a result of a decrease in water capital outlay.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the year, the Village's governmental funds reported combined ending fund balances of \$82.8 million, an increase of \$10.7 million from the prior year. The unassigned portion of the ending fund balances totaled \$40.2 million and is available to spend at the Village's discretion. The remainder of the combined ending fund balance is restricted or assigned to indicate it is not available for spending. Restricted and assigned funds are reserved to pay debt service, street improvement or other specific costs.

General Fund

At the end of the year, the General Fund had a fund balance of \$40.9 million, with \$40.2 million as unassigned. As a measure of the General Fund's capacity to provide a sufficient cash flow for day-to-day operations, offset unanticipated downturns to General Fund revenues or provide an ability to make emergency purchases, it may be useful to compare unassigned fund balance to operating expenditures. The unassigned fund balance represented 61.7% of General Fund operating expenditures.

The ending fund balance of the General Fund increased by \$5.7 million. General Fund revenues totaled \$72.6 million, an increase of \$5.0 million (7.4%). Intergovernmental revenue was up \$2.9 million. Sales Tax increased \$1.3 million to \$18.2 million and State Income Tax increased \$2.0 million to \$11.1 million. Charges for services were up \$3.6 million, mainly based upon a \$3.5 million increase in Ambulance Fees related to the Village accessing the State of Illinois' GEMT Program. General Fund expenditures totaled \$65.2 million, an increase of \$6.6 million (11.2%). This increase was driven by an additional payment to the Village's two public safety pension plans in the amount of \$3.0 million to accelerate the amortization of the unfunded liability and a \$1.6 million increase in fees payable to the State of Illinois to participate in the GEMT Program.

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Downtown TIF Fund

The Downtown TIF Fund had a fund balance of \$14.9 million. This was an increase of \$3.8 million from annual activity. Revenues increased \$0.3 million (4.7%) to \$7.7 million. The primary revenue source of the Fund is incremental property taxes. Expenditures of TIF dollars are restricted in Illinois State Statutes – generally, infrastructure improvements and economic development-related expenditures. Expenditures increased \$0.2 million (4.4%) representing increased capital outlay and redevelopment agreements.

Coronavirus State and Local Fiscal Recovery Grant Fund

This Fund had a fund balance of \$0.2 million. This was an increase of \$0.2 million from annual activity. Revenues increased \$3.3 million to \$3.3 million. The primary revenue source of the Fund is the Coronavirus State and Local Fiscal Recovery Grant from the Department of Treasury. Expenditures increased \$3.1 million representing capital outlay for eligible projects, most notably body-worn cameras for the Police Department.

Capital Equipment Acquisition Fund

The Capital Equipment Acquisition Fund had a fund balance of \$7.1 million. This was a decrease of \$0.4 million from annual activity. Revenues decreased \$0.1 million (13.4%) to \$0.9 million. The primary revenue sources are Telecommunication and Electric Use Taxes and rental income from communication tower rentals. Additionally, several other funds transfer money into this Fund. Expenditures increased \$1.3 million (170.1%) representing increased capital outlay resulting from supply chain issues from the prior year and moving certain outlays forward from the following year due to availability.

Other Governmental Funds

The Village maintains several other governmental funds. In aggregate, fund balances of other governmental funds increased \$1.4 million from the previous year. Highlights from some of these funds include:

- The Motor Fuel Tax Fund had a fund balance of \$2.9 million, a decrease of \$0.1 million. The entire balance is restricted for purposes of roadway improvements. Expenditures of Motor Fuel Tax dollars require authorization from the Illinois Department of Transportation.
- The Federal Equitable Sharing and State Equitable Sharing Funds consist of revenues collected by the Police Department related to asset forfeitures. These restricted accounts are governed by State or Federal statutes. These funds are limited in their potential uses and must be used by the Police Department for purposes allowed by the governing statutes – generally, drug related enforcement and prevention. The ending fund balance in the Federal Equitable Sharing and State Equitable Sharing Funds was \$0.5 million and \$0.6 million, an increase of \$3k and \$0.3 million, both respectively.
- The Rand Road Corridor TIF Fund had a fund balance of \$5.6 million, a decrease of \$0.6 million. The primary revenue source of the Fund is incremental property taxes. The entire

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

balance is restricted for purposes of economic development. Expenditures of TIF dollars are restricted in Illinois State Statutes – generally, infrastructure improvements and economic development-related expenditures.

- The Rand/Lake Cook TIF Fund had a fund balance of \$2.5 million, a decrease of \$1.0 million. The primary revenue source of the Fund is incremental property taxes. The entire balance is restricted for purposes of economic development. Expenditures of TIF dollars are restricted in Illinois State Statutes – generally, infrastructure improvements and economic development-related expenditures.

Proprietary Funds

Proprietary funds are sometimes referred to as business-type funds of a local government. The Village maintains six proprietary funds (four enterprise and two internal service). The Waterworks, Sewerage, Commuter Parking System, and Refuse Collection enterprise funds are used to account for the acquisition, operations and maintenance of Waterworks, Sewerage, Commuter Parking System, and Refuse Collection facilities and services and are predominately self-supporting through user charges. The Fleet Services and Casualty and Liability Insurance Funds are internal service funds that accounts for assets associated with funding the maintenance activities of the Village's fleet and funding the Village's casualty and liability self-insurance program through charges to the various Village Departments.

Total combined net position of the enterprise funds increased \$4.7 million through annual activity to \$78.5 million at year-end. Of the total, \$46.9 million represents the City's net investment in capital assets. The remaining \$31.6 million of total net position represents unrestricted net position. Expenses include water and sewer system maintenance, flood control improvements, maintenance of parking facilities, and collection and disposal of refuse.

The internal service funds had a combined ending fund balance of \$5.3 million, all of which is unrestricted. Most revenues (\$3.2 million) came from charges to the various Village Departments. Expenditures of \$1.8 million and \$1.8 million represent fleet maintenance activities and liability insurance premiums and claims, respectively.

GENERAL FUND BUDGETARY HIGHLIGHTS

As the main operating fund of the Village, the General Fund represents a range of revenues and expenditures. Revenues that are not restricted, committed, or assigned to other functions are recorded in the General Fund. Operating costs of most major departments are recorded here as well, such as police and fire protection, street maintenance, economic development, planning and zoning, code enforcement, engineering, and administration.

Actual revenues of \$72.6 million surpassed budget expectations by \$8.2 million.

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenditures ended the year \$2.4 million below budget. Other financing uses ended the year right on budget, primarily due to a transfer from the General Fund to the Debt Service Fund. This planned transfer utilizes \$1.8 million of operating surplus to provide funding of a debt service reserve to call and redeem outstanding debt service.

General Fund Budgetary Highlights
(presented in millions)

	<i>Current Year</i>			<i>Prior Year</i>	
	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
Revenues	\$ 62.9	\$ 64.4	\$ 72.6	\$ 67.6	
Expenditures	63.1	67.6	65.2	58.6	
Excess (deficiency) of revenues over expenditures	(0.2)	(3.2)	7.4	9.0	
Other financing sources (uses)	-	(1.8)	(1.7)	-	
Net change in fund balance	\$ (0.2)	\$ (5.0)	\$ 5.7	\$ 9.0	

The General Fund expenditure budget was amended during the fiscal year to reflect encumbrance items from the prior year, transfers of excess reserves as defined by the Village's Reserve Policy, and projects deemed necessary during the year.

Major General Fund Revenues

State Sales Tax receipts of \$11.8 million surpassed its budgeted amount by \$2.6 million. Receipts from sales tax have not only rebounded from the COVID-19 pandemic but also continue to grow as prices rise with inflation. Starting January 2021, the State began classifying online retail purchases into the State Sales Tax distributions by purchase destination rather than as Use Tax and distributed per capita. So, in addition to sales of groceries and general merchandise, online purchases are now supporting State Sales Tax revenues.

Home Rule Sales Tax receipts of \$6.5 million exceeded budgeted expectations by \$2.1 million. Purchases of groceries are exempt from Home Rule Sales Tax, however staple items and online retail orders are not exempted.

State Income Tax receipts of \$11.1 million exceeded amounts budgeted by \$3.1 million. An improving labor market and higher corporate income tax receipts have helped to bolster the Village's income tax revenue.

Use Tax totaled \$2.7 million for 2022. This was just short of its budgeted expectation by \$0.2 million.

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Building permits of \$1.6 million exceeded budgeted expectations by \$0.5 million. Several large industrial warehouse projects were constructed at the old Weber Grill location and at the recently annexed parcel south of Algonquin Road.

Investment earnings of -\$56k were short of budget expectations by \$157k. The decrease in investment earnings was mainly driven by lower bond prices due to a rise in interest rates. As the Village is restricted statutorily on the types of investment vehicles, the Village invests idle funds with a professional investment management firm to maximize earning potential while remaining compliant with restrictive investment options allowed by Illinois Statute.

Charges for services ended the year at \$7.7 million, which was \$1.6 million above budgeted expectations. Effective, January 1, 2022, the Village began participating in the State of Illinois' GEMT Program, which provides enhanced Ambulance Fee revenues. This one source alone ended the year at \$5.2 million, which was \$1.3 million above budget expectations.

Major General Fund Expenditures

Across all functions, spending within the General Fund ended the fiscal year under budget. This is a combination of savings from a variety of items. Some savings include the following:

- Personnel and related expenditures ended the year \$1.7 million below budget due to staff turnover, which created attrition savings.
- Supplies and Services expenditures ended the year \$0.7 million below budget due to reduced outlays for deferred projects (red light cameras and permit software maintenance) and a reduction in training.

CAPITAL ASSETS

The Village's investment in capital assets for its governmental and business-type activities amounts to \$255.3 million. The investment in capital assets includes land, buildings, equipment, improvements other than buildings, underground systems, infrastructure, and construction in progress. This amount represents a \$2.1 million net increase (including additions and deductions) from the prior year. Detailed information regarding the change in capital assets for governmental and business-type activities is included in the Notes to the Financial Statements on pages 35–36.

The net capital assets for governmental activities decreased by \$0.2 million and net capital assets for business-type activities increased from last year by \$2.3 million. The change in net capital assets for governmental activities was due to net depreciation exceeding capital additions and business-type activities was due mainly to capital additions exceeding net depreciation.

DEBT OUTSTANDING

The Village currently has six general obligation bond series and one tax increment revenue limited obligation redevelopment notes series outstanding. \$31.9 million of general obligation bonds and \$31 thousand of tax increment revenue limited obligation redevelopment notes are currently outstanding.

\$1.4 million (4.47%) of the \$31.9 million currently outstanding general obligation bonds were issued for improvements in the Village's various TIF Districts. The issuance of these bonds did not produce capital assets for the Village; therefore, the unrestricted net position for Governmental Activities have been reduced by the amount of these bonds.

The Village, under its home rule authority, does not have a legal debt limit. At the date of this report, the Village maintained an AA+ rating from Standard and Poor's and an AA2 rating from Moody's Investors Service.

Additional information of the Village's long-term debt can be found in the Notes to the Financial Statements on pages 36-41.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In addition to the residual impacts of the pandemic, high inflation, supply chain issues, and geopolitical conflicts continue to inject uncertainty into the economy. However, the Village enjoys a healthy mix of retail diversity which has proven to weather economic downturns well. Management continually monitors revenues sources and cash balances into order to ensure sufficient resources are available to support Village services.

Some revenue sources of the Village rely on the allocation and distribution of funds from the State of Illinois, such as Income Tax and Use Tax. The State has reduced the municipal share of Income Tax historically and may look to this source again to offset their own fiscal shortages. The State budget contains a structural financial imbalance. Since the pressures of this imbalance will continue into the next budget, it is likely that additional local government diversions may be proposed in future years.

To keep the calendar year 2023 budget balanced, the Village continues to utilize spending control measures that include taking advantage of cooperative purchasing opportunities through joint purchasing agreements, seeking competitive bids, and avoiding filling vacated positions unless they are critical to Village operations. Whenever possible, grant funding is sought to offset program and project costs.

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

A combined water and sewer rate increase of 4.7% and a 5% increase in refuse rates will go into effect on January 1, 2023. These increases provide a necessary funding mechanism to allow these funds to remain financially independent and provide for increased capital investment to maintain water and sewer infrastructure systems.

The fiscal year 2023 budget continues funding the General Fund in a progressive and responsible manner inclusive of a 2% decrease in the property tax levy. This marks the ninth time in the last eleven years that the levy has either decreased or remained constant from the prior year. General Fund services include Police, Fire, Community Development, Streets, Forestry, Facilities Maintenance, as well as Legal, and Village Administration. Bonds are not to be used to finance operating deficits and fund balances are maintained in accordance with Village financial policies.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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. Questions concerning this report or requests for additional financial information should be directed to Paul D. Mehring, CPA, Finance Director/Village Treasurer, Village of Palatine, 200 E. Wood Street, Palatine, IL 60067.

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VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 86,365,581	\$ 17,059,033	\$ 103,424,614
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	29,636,947	-	29,636,947
Accounts	-	2,133,901	2,133,901
Other	1,459,463	81,842	1,541,305
Due from other governments	6,035,929	5,677	6,041,606
Accrued interest	22,125	10,111	32,236
Leases	6,684,141	183,804	6,867,945
Prepaid items	2,585,572	-	2,585,572
Inventories	233,459	-	233,459
Land held for resale	4,082,000	-	4,082,000
Net pension asset	7,798,131	1,506,298	9,304,429
Capital assets not being depreciated	151,371,945	4,858,690	156,230,635
Capital assets being depreciated (net of accumulated depreciation)	54,207,395	44,822,670	99,030,065
Investment in joint venture	-	15,071,500	15,071,500
Total assets	350,482,688	85,733,526	436,216,214
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	48,765	-	48,765
Asset retirement obligation items	-	1,165,950	1,165,950
Pension items	46,269,844	421,449	46,691,293
OPEB items	1,906,008	37,708	1,943,716
Total deferred outflows of resources	48,224,617	1,625,107	49,849,724
LIABILITIES			
Accounts payable	3,322,516	1,767,984	5,090,500
Accrued payroll	894,344	38,261	932,605
Accrued interest payable	75,915	9,500	85,415
Due to fiduciary funds	2,271,438	-	2,271,438
Deposits payable	703,161	382,989	1,086,150
Claims payable	210,375	-	210,375
Unearned revenues	8,846,824	143,420	8,990,244
Noncurrent liabilities			
Due within one year	3,368,933	823,224	4,192,157
Due in more than one year	177,132,048	3,497,276	180,629,324
Total liabilities	196,825,554	6,662,654	203,488,208
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	22,536,834	-	22,536,834
Pension items	16,476,232	1,800,178	18,276,410
OPEB items	6,991,907	138,326	7,130,233
Lease items	6,334,812	176,457	6,511,269
Total deferred inflows of resources	52,339,785	2,114,961	54,454,746
NET POSITION			
Net investment in capital assets	179,772,791	46,908,460	226,681,251
Restricted for			
Streets and highways	2,854,294	-	2,854,294
Debt service	1,991,184	-	1,991,184
Public safety	1,400,184	-	1,400,184
Economic development	17,925,396	-	17,925,396
Unrestricted	(54,401,883)	31,672,558	(22,729,325)
TOTAL NET POSITION	\$ 149,541,966	\$ 78,581,018	\$ 228,122,984

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2022

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Grants and Contributions	
			Operating	Capital
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 3,904,060	\$ 1,335,988	\$ 133,445	\$ 2,316
Public safety	56,557,069	12,327,021	708,115	-
Public works	12,391,484	1,627,947	2,750,657	1,530,495
Economic development	4,951,483	-	169,730	-
Interest and fiscal charges	911,591	-	-	-
Total governmental activities	<u>78,715,687</u>	<u>15,290,956</u>	<u>3,761,947</u>	<u>1,532,811</u>
Business-Type Activities				
Waterworks	7,746,433	13,201,026	-	-
Sewerage	3,487,048	4,483,549	-	-
Motor vehicle parking system	1,253,862	331,785	-	-
Refuse collection	4,561,219	4,715,125	-	-
Total business-type activities	<u>17,048,562</u>	<u>22,731,485</u>	<u>-</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	\$ 95,764,249	\$ 38,022,441	\$ 3,761,947	\$ 1,532,811

See accompanying notes to financial statements.

Net (Expense) Revenue and Change in Net Position					
Primary Government					
Governmental Activities		Business-Type Activities		Total	
\$		\$		\$	
\$ (2,432,311)			-	\$ (2,432,311)	
(43,521,933)			-	(43,521,933)	
(6,482,385)			-	(6,482,385)	
(4,781,753)			-	(4,781,753)	
(911,591)			-	(911,591)	
(58,129,973)			-	(58,129,973)	
		5,454,593		5,454,593	
		996,501		996,501	
		(922,077)		(922,077)	
		153,906		153,906	
		5,682,923		5,682,923	
(58,129,973)		5,682,923		(52,447,050)	
35,397,436			-	35,397,436	
6,457,178			-	6,457,178	
740,280			-	740,280	
2,164,566			-	2,164,566	
1,685,377			-	1,685,377	
14,464,458			-	14,464,458	
11,065,424			-	11,065,424	
4,357,999			-	4,357,999	
458,914		(275,577)		183,337	
525,078		3,436		528,514	
670,000		(670,000)			-
77,986,710		(942,141)		77,044,569	
19,856,737		4,740,782		24,597,519	
130,309,734		73,866,956		204,176,690	
(624,505)		(26,720)		(651,225)	
129,685,229		73,840,236		203,525,465	
\$ 149,541,966	\$	78,581,018	\$	228,122,984	

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2022

	General	Downtown TIF	Coronavirus State and Local Fiscal Recovery Grant	Capital Equipment Acquisition	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 36,423,778	\$ 9,374,296	\$ 9,011,519	\$ 6,859,676	\$ 18,452,040	\$ 80,121,309
Receivables (net, where applicable, of allowances for uncollectibles)						
Property taxes	25,210,243	1,407,061	-	-	3,019,643	29,636,947
Other	1,444,472	-	-	-	-	1,444,472
Due from other governments	5,507,641	-	-	105,377	422,911	6,035,929
Accrued interest	9,784	-	-	2,437	5,445	17,666
Leases	113,175	-	-	6,570,966	-	6,684,141
Due from other funds	22,238	-	-	-	-	22,238
Prepaid items	76,447	-	-	-	-	76,447
Land held for resale	-	4,082,000	-	-	-	4,082,000
TOTAL ASSETS	\$ 68,807,778	\$ 14,863,357	\$ 9,011,519	\$ 13,538,456	\$ 21,900,039	\$ 128,121,149

See accompanying notes to financial statements.

	General	Downtown TIF	State and Local Fiscal Recovery Grant	Capital Equipment Acquisition	Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES						
Accounts payable	\$ 2,728,427	\$ 9,396	\$ -	\$ 162,102	\$ 289,783	\$ 3,189,708
Accrued payroll	879,651	-	-	-	4,236	883,887
Due to other funds	-	-	-	-	22,238	22,238
Due to fiduciary funds	2,271,438	-	-	-	-	2,271,438
Deposits payable	703,161	-	-	-	-	703,161
Unearned revenues	-	-	8,846,824	-	-	8,846,824
Total liabilities	6,582,677	9,396	8,846,824	162,102	316,257	15,917,256
DEFERRED INFLOWS OF RESOURCES						
Property tax revenue	20,757,678	-	-	-	1,779,156	22,536,834
Unavailable revenue - Park District loan	508,273	-	-	-	-	508,273
Lease items	85,441	-	-	6,249,371	-	6,334,812
Total deferred inflows of resources	21,351,392	-	-	6,249,371	1,779,156	29,379,919
Total liabilities and deferred inflows of resources	27,934,069	9,396	8,846,824	6,411,473	2,095,413	45,297,175
FUND BALANCES						
Nonspendable in form						
Prepaid items	76,447	-	-	-	-	76,447
Restricted for streets and highways	-	-	-	-	2,854,294	2,854,294
Restricted for debt service	-	-	-	-	2,067,099	2,067,099
Restricted for public safety	-	-	-	-	1,400,184	1,400,184
Restricted for economic development	-	14,853,961	164,695	-	8,093,422	23,112,078
Unrestricted						
Assigned for capital projects	-	-	-	7,126,983	5,389,627	12,516,610
Assigned for future appropriation	374,387	-	-	-	-	374,387
Unassigned	40,422,875	-	-	-	-	40,422,875
Total fund balances	40,873,709	14,853,961	164,695	7,126,983	19,804,626	82,823,974
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 68,807,778	\$ 14,863,357	\$ 9,011,519	\$ 13,538,456	\$ 21,900,039	\$ 128,121,149

See accompanying notes to financial statements.

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VILLAGE OF PALATINE, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

December 31, 2022

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 82,823,974
 Amounts reported for governmental activities in the statement of net position are different because:	
Long-term intergovernmental assets are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the governmental funds	508,273
Amounts paid in advance are recorded as expenditures in the governmental funds using the purchase method but are recorded as prepaid items on the statement of net position using the consumption method	2,509,125
Capital and intangible assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	205,579,340
Long-term liabilities, including bonds and leases payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(29,466,682)
Unamortized discount on long-term debt are expenditures in governmental funds in the year of issuance but are capitalized and amortized on the statement of net position	5,080
Unamortized premium on long-term debt are expenditures in governmental funds in the year of issuance but are capitalized and amortized on the statement of net position	(1,580,394)
Charges on refundings are reported as a deferred outflow of resources on the statement of net position	48,765
Accrued interest on long-term debt is reported as a liability on the statement of net position	(75,915)
Compensated absences payable is not due and payable in the current period and, therefore, is not reported in governmental funds	(2,130,585)
Less compensated absences payable reported in internal service funds	31,190
The net position of internal service funds is included in the governmental activities in the statement of net position	5,265,792
The following items related to OPEB are not current financial resources and, therefore, are not reported in the governmental funds	
Deferred outflows	1,906,008
Less deferred outflows reported in internal service funds	(9,524)
Deferred inflows	(6,991,907)
Less deferred inflows reported in internal service funds	34,938
Net OPEB liability	(10,362,217)
Less net OPEB liability reported in internal service funds	51,780
The following items related to pensions are not current financial resources and, therefore, are not reported in the governmental funds	
Deferred outflows	46,269,844
Less deferred outflows reported in internal service funds	(64,610)
Deferred inflows	(16,476,232)
Less deferred inflows reported in internal service funds	667,338
Net pension asset	7,798,131
Less net pension asset reported in internal service funds	(638,358)
Net pension liability	(136,161,188)
 NET POSITION OF GOVERNMENTAL ACTIVITIES	 <u><u>\$ 149,541,966</u></u>

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2022

	Coronavirus						Total Governmental Funds
	Downtown		State and Local Fiscal	Capital Equipment	Nonmajor Governmental Funds		
	General	TIF	Recovery Grant	Acquisition			
REVENUES							
Taxes	\$ 30,700,058	\$ 7,489,554	\$ -	\$ 344,140	\$ 7,911,085	\$ 46,444,837	
Licenses and permits	3,137,925	-	-	-	-	3,137,925	
Intergovernmental	29,407,004	-	3,165,705	34,087	5,457,644	38,064,440	
Charges for services	7,725,730	-	-	391,048	76,970	8,193,748	
Fines and forfeits	1,198,466	-	-	-	-	1,198,466	
Investment income	(55,988)	178,392	163,522	102,615	70,373	458,914	
Miscellaneous	506,943	-	-	45	18,090	525,078	
Total revenues	72,620,138	7,667,946	3,329,227	871,935	13,534,162	98,023,408	
EXPENDITURES							
Current							
General government	4,937,310	-	-	-	-	4,937,310	
Public safety	53,447,375	-	-	-	505,230	53,952,605	
Public works	6,801,488	-	-	-	-	6,801,488	
Economic development	-	42,030	-	-	4,909,453	4,951,483	
Capital outlay	-	337,385	3,165,706	1,985,253	5,647,321	11,135,665	
Debt service							
Principal retirement	-	3,339,000	-	-	1,880,000	5,219,000	
Interest	-	115,706	-	-	972,849	1,088,555	
Fiscal charges	-	946	-	-	2,650	3,596	
Total expenditures	65,186,173	3,835,067	3,165,706	1,985,253	13,917,503	88,089,702	

See accompanying notes to financial statements.

	General	Downtown TIF	Local Fiscal Recovery Grant	Coronavirus State and Local Fiscal Recovery Grant	Capital Equipment Acquisition	Nonmajor Governmental Funds	Total Governmental Funds
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 7,433,965	\$ 3,832,879	\$ 163,521	\$ (1,113,318)	\$ (383,341)	\$ 9,933,706	
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of capital assets	-	-	-	74,916	803	75,719	
Transfers in	-	-	-	620,000	1,819,480	2,439,480	
Transfers (out)	(1,769,480)	-	-	-	-	(1,769,480)	
Total other financing sources (uses)	(1,769,480)	-	-	694,916	1,820,283	745,719	
NET CHANGE IN FUND BALANCES	5,664,485	3,832,879	163,521	(418,402)	1,436,942	10,679,425	
FUND BALANCES, JANUARY 1	35,209,224	11,021,082	1,174	7,545,385	18,367,684	72,144,549	
FUND BALANCES, DECEMBER 31	\$ 40,873,709	\$ 14,853,961	\$ 164,695	\$ 7,126,983	\$ 19,804,626	\$ 82,823,974	

See accompanying notes to financial statements.

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VILLAGE OF PALATINE, ILLINOIS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2022

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 10,679,425
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	2,705,235
Revenues in the statement of activities that are not available in governmental funds are not reported as a revenue in governmental funds until received	(130,985)
Some expenses in the statement of activities (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Depreciation on capital assets and amortization on intangible capital assets	(2,902,765)
The repayment of principal on long-term debt is reported as an expenditure in governmental funds but as a reduction of principal outstanding in the statement of activities	
Principal repayment	5,219,000
The amortization of discount on long-term debt is reported as an expense on the statement of activities	(4,960)
The amortization of premium on long-term debt is reported as a reduction of expense on the statement of activities	214,360
The amortization of the loss on refunding on long-term debt is reported as an expense on the statement of activities	(39,510)
The change in the accrual of interest on long-term debt is reported as an expense on the statement of activities	10,670
The change in compensated absences payable is shown as an expense on the statement of activities	61,555
The change in net position of certain activities of internal service funds is reported in governmental funds on the statement of activities	(304,838)
The change in the following items are not current financial resources and, therefore, are not reported in the governmental funds	
Prepaid items	2,509,125
Deferred outflows related to OPEB	(275,287)
Deferred inflows related to OPEB	(3,744,392)
Total OPEB liability	3,759,752
Deferred outflows related to pensions	35,931,365
Deferred inflows related to pensions	(59,895,047)
Net pension liability/asset	<u>26,064,034</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 19,856,737</u></u>

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2022

	Business-Type Activities				Governmental Activities
	Waterworks	Sewerage	Nonmajor Enterprise	Total	Internal Service
CURRENT ASSETS					
Cash and investments	\$ 9,708,153	\$ 5,147,785	\$ 2,203,095	\$ 17,059,033	\$ 6,244,272
Receivables (net, where applicable, of allowances for uncollectibles)					
Accounts	1,516,046	565,388	52,467	2,133,901	-
Other	25,737	4,664	51,441	81,842	14,991
Due from other governments	-	5,677	-	5,677	-
Accrued interest	7,572	2,232	307	10,111	4,459
Leases	-	-	183,804	183,804	-
Inventories	-	-	-	-	233,459
Total current assets	11,257,508	5,725,746	2,491,114	19,474,368	6,497,181
NONCURRENT ASSETS					
Net pension asset	960,985	545,313	-	1,506,298	638,358
Capital assets					
Land	740,200	-	4,118,490	4,858,690	-
Buildings and improvements	7,609,280	597,545	15,681,480	23,888,305	-
Systems and improvements	36,135,870	63,530,650	-	99,666,520	-
Machinery and equipment	2,575,285	263,395	-	2,838,680	-
Accumulated depreciation	(21,064,730)	(44,925,700)	(15,580,405)	(81,570,835)	-
Total capital assets	25,995,905	19,465,890	4,219,565	49,681,360	-
Other assets					
Investment in joint venture					
Northwest Water Commission	15,071,500	-	-	15,071,500	-
Total noncurrent assets	42,028,390	20,011,203	4,219,565	66,259,158	638,358
Total assets	53,285,898	25,736,949	6,710,679	85,733,526	7,135,539

See accompanying notes to financial statements.

	Business-Type Activities				Governmental Activities	
	Waterworks	Sewerage	Nonmajor Enterprise	Total	Internal Service	
	\$	\$	\$	\$	\$	
DEFERRED OUTFLOWS OF RESOURCES						
Unamortized loss on refunding	-	-	-	-	-	-
Asset retirement obligation items	1,165,950	-	-	1,165,950	-	-
Pension items	354,072	67,377	-	421,449	64,610	-
OPEB items	28,184	9,524	-	37,708	9,524	-
Total deferred outflows of resources	1,548,206	76,901	-	1,625,107	74,134	
CURRENT LIABILITIES						
Accounts payable	1,132,619	23,167	612,198	1,767,984	132,808	
Accrued payroll	27,326	10,750	185	38,261	10,457	
Accrued interest payable	7,600	1,900	-	9,500	-	
Deposits payable	297,493	17	85,479	382,989	-	
Claims payable	-	-	-	-	210,375	
Unearned revenues	-	-	143,420	143,420	-	
Compensated absences payable	20,635	7,740	-	28,375	6,240	
Total OPEB liability	7,361	2,488	-	9,849	2,488	
General obligation bonds payable	628,000	157,000	-	785,000	-	
Total current liabilities	2,121,034	203,062	841,282	3,165,378	362,368	
LONG-TERM LIABILITIES						
Claims payable	-	-	-	-	804,995	
Compensated absences payable	82,530	30,940	-	113,470	24,950	
Asset retirement obligation	1,200,750	-	-	1,200,750	-	
Total OPEB liability	145,864	49,292	-	195,156	49,292	
General obligation bonds payable	1,590,325	397,575	-	1,987,900	-	
Total long-term liabilities	3,019,469	477,807	-	3,497,276	879,237	
Total liabilities	5,140,503	680,869	841,282	6,662,654	1,241,605	
DEFERRED INFLOWS OF RESOURCES						
Lease items	-	-	176,457	176,457	-	
Pension items	1,246,374	553,804	-	1,800,178	667,338	
OPEB items	103,388	34,938	-	138,326	34,938	
Total deferred inflows of resources	1,349,762	588,742	176,457	2,114,961	702,276	
NET POSITION						
Net investment in capital assets	23,777,580	18,911,315	4,219,565	46,908,460	-	
Unrestricted	24,566,259	5,632,924	1,473,375	31,672,558	5,265,792	
TOTAL NET POSITION	\$ 48,343,839	\$ 24,544,239	\$ 5,692,940	\$ 78,581,018	\$ 5,265,792	

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

For the Year Ended December 31, 2022

	Business-Type Activities				Governmental Activities	
	Waterworks	Sewerage	Nonmajor	Total	Internal Service	
			Enterprise			
OPERATING REVENUES						
Charges for services	\$ 12,410,792	\$ 4,483,549	\$ 5,046,910	\$ 21,941,251	\$ 3,341,611	
Miscellaneous	153,964	-	-	153,964	114,094	
Total operating revenues	12,564,756	4,483,549	5,046,910	22,095,215	3,455,705	
OPERATING EXPENSES						
EXCLUDING DEPRECIATION						
Costs of sales and services	6,722,854	2,111,005	5,031,046	13,864,905	3,614,493	
Total operating expenses	6,722,854	2,111,005	5,031,046	13,864,905	3,614,493	
OPERATING INCOME (LOSS) BEFORE DEPRECIATION						
	5,841,902	2,372,544	15,864	8,230,310	(158,788)	
DEPRECIATION	964,620	1,233,305	784,035	2,981,960	-	
OPERATING INCOME (LOSS)	4,877,282	1,139,239	(768,171)	5,248,350	(158,788)	

See accompanying notes to financial statements.

	Business-Type Activities				Governmental Activities	
	Waterworks	Sewerage	Nonmajor Enterprise	Total	Internal Service	
NONOPERATING REVENUES (EXPENSES)						
Investment income	\$ 63,194	\$ 57,774	\$ 30,125	\$ 151,093	\$ 39,992	
Unrealized gain (loss) on investments	(279,608)	(128,349)	(18,713)	(426,670)	(186,042)	
Interest expense	(32,310)	(142,738)	-	(175,048)	-	
Loss on disposal of capital assets	(26,649)	-	-	(26,649)	-	
Insurance recovery	3,436	-	-	3,436	-	
Joint venture	636,270	-	-	636,270	-	
Total nonoperating revenues (expenses)	364,333	(213,313)	11,412	162,432	(146,050)	
NET INCOME (LOSS) BEFORE TRANSFERS						
	5,241,615	925,926	(756,759)	5,410,782	(304,838)	
Transfers (out)	(310,000)	(310,000)	(50,000)	(670,000)	-	
CHANGE IN NET POSITION	4,931,615	615,926	(806,759)	4,740,782	(304,838)	
NET POSITION, JANUARY 1	43,435,604	23,931,653	6,499,699	73,866,956	5,576,990	
RESTATEMENT (See Notes to Financial Statements 16)	(23,380)	(3,340)	-	(26,720)	(6,360)	
NET POSITION, JANUARY 1, AS RESTATED	43,412,224	23,928,313	6,499,699	73,840,236	5,570,630	
NET POSITION, DECEMBER 31	\$ 48,343,839	\$ 24,544,239	\$ 5,692,940	\$ 78,581,018	\$ 5,265,792	

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2022

	Business-Type Activities				Governmental Activities	
	Waterworks	Sewerage	Nonmajor	Total	Internal Service	
			Enterprise			
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 12,449,110	\$ 4,476,963	\$ 5,018,104	\$ 21,944,177	\$ 348,140	
Receipts from interfund services transactions	-	-	-	-	3,137,555	
Payments to suppliers	(4,377,647)	(930,479)	(4,713,323)	(10,021,449)	(3,820,970)	
Payments to employees	(1,878,690)	(789,363)	(324)	(2,668,377)	(712,346)	
Payments for interfund services transactions	(603,000)	(540,000)	(313,000)	(1,456,000)	-	
Net cash from operating activities	5,589,773	2,217,121	(8,543)	7,798,351	(1,047,621)	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Grants	-	90,376	-	90,376	-	
Insurance recoveries	3,436	-	-	3,436	-	
Transfers (out)	(310,000)	(310,000)	(50,000)	(670,000)	-	
Net cash from noncapital financing activities	(306,564)	(219,624)	(50,000)	(576,188)	-	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital assets purchased	(5,309,210)	-	-	(5,309,210)	-	
Principal payments on long-term debt	(600,000)	(2,965,000)	-	(3,565,000)	-	
Interest and fiscal charges paid on long-term debt	(117,680)	(112,983)	-	(230,663)	-	
Net cash from capital and related financing activities	(6,026,890)	(3,077,983)	-	(9,104,873)	-	
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities	(938,668)	-	-	(938,668)	(938,668)	
Interest received	60,373	57,774	30,125	148,272	38,093	
Net cash from investing activities	(878,295)	57,774	30,125	(790,396)	(900,575)	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,621,976)	(1,022,712)	(28,418)	(2,673,106)	(1,948,196)	
CASH AND CASH EQUIVALENTS, JANUARY 1	3,230,803	2,330,607	1,729,526	7,290,936	3,100,676	
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 1,608,827	\$ 1,307,895	\$ 1,701,108	\$ 4,617,830	\$ 1,152,480	

See accompanying notes to financial statements.

	Business-Type Activities				Governmental Activities	
	Waterworks	Sewerage	Nonmajor Enterprise	Total	Internal Service	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES						
Operating income (loss)	\$ 4,877,282	\$ 1,139,239	\$ (768,171)	\$ 5,248,350	\$ (158,788)	
Adjustments to reconcile operating income (loss) to net cash from operating activities						
Depreciation	964,620	1,233,305	784,035	2,981,960	-	
(Increase) decrease in						
Accounts receivables	(135,524)	(7,149)	(52,467)	(195,140)	-	
Other receivables	7,423	546	(44,096)	(36,127)	29,990	
Leases	-	-	6,470	6,470	-	
Inventories	-	-	-	-	(28,279)	
Net pension asset	(806,447)	(366,567)	-	(1,173,014)	(439,880)	
Deferred outflows - asset retirement obligation items	12,400	-	-	12,400	-	
Deferred outflows - pension items	(32,175)	(6,797)	-	(38,972)	6,517	
Deferred outflows - OPEB items	6,282	927	-	7,209	(2,631)	
Increase (decrease) in						
Accounts payable	214,394	(5,002)	4,214	213,606	(624,496)	
Accrued payroll	1,503	1,746	185	3,434	(1,458)	
Deposits payable	12,455	17	67,473	79,945	-	
Claims payable	-	-	-	-	(109,610)	
Unearned revenue	-	-	6,570	6,570	-	
Compensated absences payable	9,615	7,120	-	16,735	(10,270)	
Net OPEB liability	(70,066)	(15,927)	-	(85,993)	7,122	
Deferred inflows related to leases	-	-	(12,756)	(12,756)	-	
Deferred inflows related to pensions	475,606	216,184	-	691,790	259,421	
Deferred inflows related to OPEB	52,405	19,479	-	71,884	24,741	
NET CASH FROM OPERATING ACTIVITIES	\$ 5,589,773	\$ 2,217,121	\$ (8,543)	\$ 7,798,351	\$ (1,047,621)	
CASH AND INVESTMENTS						
Cash and cash equivalents	\$ 1,608,827	\$ 1,307,895	\$ 1,701,108	\$ 4,617,830	\$ 1,152,480	
Investments	8,099,326	3,839,890	501,987	12,441,203	5,091,792	
	\$ 9,708,153	\$ 5,147,785	\$ 2,203,095	\$ 17,059,033	\$ 6,244,272	
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES						
Unrealized gain (loss) on investments	\$ (279,608)	\$ (128,349)	\$ (18,713)	\$ (426,670)	\$ (186,042)	
Loss on disposal of capital assets	(26,649)	-	-	(26,649)	-	
Change in investment in joint venture	636,270	-	-	636,270	-	
TOTAL NONCASH INVESTING AND FINANCING ACTIVITIES	\$ 330,013	\$ (128,349)	\$ (18,713)	\$ 182,951	\$ (186,042)	

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

December 31, 2022

	Pension Trust
ASSETS	
Cash and cash equivalents	\$ 6,749,322
Investments, at fair value	
Investments held in the	
Illinois Police Officers' Pension	
Investment Fund	95,463,028
Illinois Firefighters' Pension	
Investment Fund	85,802,957
Receivables	
Other	20,596
Due from primary government	<u>2,271,437</u>
	<u>190,307,340</u>
LIABILITIES	
Benefits payable	<u>72,763</u>
NET POSITION	
Restricted for pensions	<u>190,234,577</u>
	<u><u>\$ 190,234,577</u></u>

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

For the Year Ended December 31, 2022

	Pension Trust
ADDITIONS	
Contributions	
Employer	\$ 14,564,800
Employee	2,156,340
Other	<u>336,825</u>
Total contributions	<u>17,057,965</u>
Investment earnings	
Net increase (decrease) in the fair value of investments	(33,690,991)
Interest	<u>2,012,273</u>
Total investment earnings	(31,678,718)
Less investment expense	<u>(339,235)</u>
Net investment earnings	<u>(32,017,953)</u>
Total additions	<u>(14,959,988)</u>
DEDUCTIONS	
Administration	37,969
Benefits and refunds	<u>14,353,678</u>
Total deductions	<u>14,391,647</u>
CHANGE IN NET POSITION	<u>(29,351,635)</u>
NET POSITION	
January 1	<u>219,586,212</u>
December 31	<u>\$ 190,234,577</u>

See accompanying notes to financial statements.

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VILLAGE OF PALATINE, ILLINOIS

INDEX TO
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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VILLAGE OF PALATINE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Palatine, Illinois (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

a. Reporting Entity

The Village was incorporated on March 19, 1866. The Village is a municipal corporation governed by an elected seven-member board. As required by GAAP, these financial statements present the Village (the primary government). Management has determined that there are two fiduciary component units that are required to be included in the financial statements of the Village as pension trust funds.

Police Pension Employees Retirement System (PPERS)

The Village's police employees participate in 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 Village is obligated to fund all PPERS costs not funded by PPERS participants based upon actuarial valuations, which creates a financial burden on the Village. 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, which results in the PPERS being fiscally dependent upon the Village. Although it possesses many of the characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village's police employees and because of the fiduciary nature of such activities, PPERS is reported as a pension trust fund. PPERS does not issue a stand-alone financial report.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Firefighters' Pension Employees Retirement System (FPERS)

The Village's sworn firefighters participate in FPERS. FPERS 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 fire employees constitute the pension board. The Village is obligated to fund all FPERS costs not funded by FPERS participants based upon actuarial valuations, which creates a financial burden on the Village. 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, which results in the FPERS being fiscally dependent on the Village. Although it possesses many of the characteristics of a legally separate government, FPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village's fire employees and because of the fiduciary nature of such activities, FPERS is reported as a pension trust fund. FPERS does not issue a stand-alone financial report.

Joint Ventures

Northwest Water Commission (NWC)

NWC is a municipal corporation empowered to construct and maintain a joint water supply system to serve its member municipalities. Management consists of a Board of Directors comprised of one appointed representative from each member. The Village does not exercise any control over the activities of NWC beyond its representation on the Board of Directors. NWC is reported as a proprietary joint venture.

Solid Waste Agency of Northern Cook County (SWANCC)

SWANCC is a municipal corporation empowered to plan, finance, construct and operate a solid waste disposal system to serve its member municipalities. Management consists of a Board of Directors comprised of one appointed representative from each member. The Village does not exercise any control over the activities of SWANCC beyond its representation on the Board of Directors. SWANCC is reported as a non-equity proprietary joint venture.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting

The Village uses fund accounting to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The minimum number of funds is maintained consistent with legal and managerial requirements. Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of revenues which are restricted or committed for specific purposes (special revenue funds), the acquisition or construction of general capital assets (capital projects funds), the servicing of general long-term debt (debt service funds) and the management of funds held in trust that can be used for governmental services (permanent fund). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the Village (internal service funds).

Fiduciary funds are used to account for fiduciary activities that meet the definition contained in GASB Statement No. 84, *Fiduciary Activities*. The Village utilizes pension trust funds for its Police and Firefighters' Pension Funds to account for assets that the Village holds in a fiduciary capacity.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

The General Fund accounts for the resources traditionally associated with governments, which are not accounted for in another fund.

The Downtown TIF Fund accounts for the development and debt service costs associated with a tax increment financing redevelopment project within the Downtown Business District. Financing is provided by incremental taxes derived from the TIF District.

Coronavirus State and Local Fiscal Recovery Grant Fund accounts for the resources provided by the federal government in connection with the American Rescue Plan Act. These expenditures must follow the guidelines promulgated by the U.S. Department of the Treasury.

Capital Equipment Acquisition Fund accounts for the acquisition of new and replacement capital equipment for all departments of the Village.

The Village reports the following major proprietary funds:

The Waterworks Fund accounts for the provision of water services to incorporated and unincorporated residents.

The Sewerage Fund accounts for the provision of sewer services to incorporated and unincorporated residents.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

Additionally, the Village reports the following proprietary funds:

Internal Service Funds account for the Village's self-insurance program and the provision of fleet services to various departments of the Village. Financing is provided through fees charged to various village departments. These are reported as part of the governmental activities on the government-wide financial statements as they provide services to the Village's governmental funds/activities.

The Village reports pension trust funds as fiduciary funds to account for the Police Pension Fund and Firefighters' Pension Fund.

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as nonoperating.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers revenues to be available if they are collected within 60 days, except for sales tax and telecommunication taxes which use a 90-day period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Property taxes, sales taxes owed to the Village at year end, franchise taxes, licenses, charges for services and investment income associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Fines and permit revenue are considered to be measurable and available only when cash is received by the Village.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidelines. There are, however, essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Village; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

The Village reports unearned/unavailable revenue on its financial statements. Unearned/unavailable revenue arises when potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unearned/unavailable revenue also arises when resources are received by the government before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or earned, or when the Village has a legal claim to the resources, the liability or deferred inflow of resources for unearned/unavailable revenue is removed from the financial statements and revenue is recognized.

e. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Village's proprietary funds consider their equity in pooled cash and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due from/to other funds” (i.e., the current portion of interfund loans) or “advances from/to other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due from/to other funds.”

Advances between funds, if reported in the fund financial statements, are offset by a nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

g. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of governmental fund inventories are recorded as expenditures when consumed rather than when purchased.

h. Deferred Charge on Refunding

Deferred outflows in the government-wide and enterprise fund financial statements represent unamortized deferred charges on refunding which are being amortized over the life of the bonds.

i. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses and are recognized as expenditures proportionately over the periods that the service is provided.

j. Land Held for Resale

Land held for resale is valued at cost. Reported land held for resale is equally offset by a restricted fund balance, which indicates that it is restricted for a specific purpose. The land held consists of numerous parcels within the Downtown TIF District that the Village owns and is holding until sold.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, storm water) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost in excess of the following and an estimated useful life in excess of one year.

Asset Class	Capitalization Threshold
Buildings and land improvements	\$ 200,000
Infrastructure	250,000
Vehicles, machinery, equipment and software	50,000

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment is depreciated/amortized using the straight-line method over the following estimated useful lives:

Asset Class	Years
Buildings	25-50
Improvements	10-20
Machinery, equipment, vehicles and software	3-10
Infrastructure	40

I. Compensated Absences

The Village implemented GASB Statement 101, *Compensated Absences* in 2022. Village policy permits employees to accumulate earned but unused leave including sick leave, vacation, compensatory time, and holiday leave (Police only). The entire balance of vacation, compensatory, and holiday leave are recognized as a liability at year end. Sick leave is recognized as a liability if it is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences (Continued)

The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

m. Rebatable Arbitrage

As of the date of this report, the Village has accrued no potential arbitrage liability. Where applicable, any liability for rebatable arbitrage is reported in the funds in which the excess interest income was recorded.

n. Long-Term Obligations

In the government-wide financial statements and proprietary funds 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 financial statements. Bond premiums and discounts, and refunding losses, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium and discount. Loss on bond refunding are reported as deferred outflows and amortized over the term of the related debt.

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

o. Fund Balance/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not spendable in form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities or internally restricted via enabling legislation. Committed fund balance is constrained by formal actions of the Village Council, which is considered the Village's highest level of decision making

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Fund Balance/Net Position (Continued)

authority. Formal actions include resolutions and ordinances approved by the Village Council, which are considered to be equally binding. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Finance Director by the Village Council per the fund balance policy adopted by resolution. Any residual fund balance is reported as unassigned. The General Fund is the only fund that reports a positive unassigned fund balance.

The Village's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the Village considers committed funds to be expended first followed by assigned and then unassigned funds.

In the government-wide financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the book value of capital assets less any long-term debt principal outstanding issued to construct capital assets. None of the net positions or fund balances is restricted as a result from enabling legislation adopted by the Village.

The Village has a policy to maintain unassigned fund balance in the General Fund at a level of 3 to 4 months (25% to 33%) of budget operating expenditures.

p. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

q. Interfund Transactions

Interfund services transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services transactions and reimbursements, are reported as transfers.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

2. DEPOSITS AND INVESTMENTS

The Village and pension funds categorize the fair value measurements within the fair value hierarchy established by GAAP. 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; and Level 3 inputs are significant unobservable inputs.

Village Deposits and Investments

The Village's investment policy authorizes the Village to invest in all instruments permitted by the Illinois Public Funds Investment Act. This act permits deposits and investments 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 and any Public Treasurers' Investment Pool created under Section 17 of the State Treasurer Act.

The Village's investment policy does limit their deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance. Additionally, the Village will not invest in any institution in which the Village's funds on deposit are in excess of 75% of the institution's capital stock and surplus.

It is the policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, liquidity and rate of return.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

Village Deposits and Investments (Continued)

The Village maintains a cash and investment pool that is available for use by all funds, except the foreign fire tax fund and pension trust funds. In addition, investments are separately held by several of the Village's funds. The deposits and investments of the foreign fire tax fund and pension trust funds are held separately from those of other funds.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of 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 value of the funds secured, with the collateral held by the Village, an independent third party or the Federal Reserve Bank of Chicago. As of the date of this report, deposits in the Foreign Fire Tax Fund totaling \$57,395 were uninsured and uncollateralized.

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 to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market.

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in the following external investment pools.

Illinois Public Treasurers' Investment Pool (rated AAA by Standard & Poor's), known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, Certain External Investment Pools and Pool Participants, and thus, reports all investments at amortized cost rather than fair value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

Deposits with Financial Institutions (Continued)

Illinois Public Reserves Investment Management Trust Investment Shares Series (rated AAA by Standard & Poor's), known as IPRIME IS, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, Certain External Investment Pools and Pool Participants, and thus, reports all investments at amortized cost rather than fair value. The investment in IPRIME IS by participants is also reported at amortized cost. The IPRIME IS does not have any limitations or restrictions on participant withdrawals.

Illinois Public Reserves Investment Management Trust LTD Shares Series (rated AAA by Standard & Poor's), known as IPRIME LTD, reports all investments at fair value. The investment in IPRIME LTD by participants is also reported at fair value. Quarterly withdrawals are available on the third Wednesday of each quarter-end month upon at least two weeks advance notice.

The following table presents the investments and maturities of the Village's debt securities as of the date of this report:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 - 5	6 - 10	Greater Than 10
U.S. Treasury obligations	\$ 23,283,746	\$ -	\$ 23,283,746	\$ -	\$ -
Negotiable CDs	990,912	990,912	-	-	-
IPRIME LTD Shares	14,963,982	-	14,963,982	-	-
Total	\$ 39,238,640	\$ 990,912	\$ 38,247,728	\$ -	\$ -

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in 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) basis with the underlying investments held in a custodial account with the trust department of an approved financial institution.

Concentration of credit risk is the risk that the Village has a high percentage of their investments invested in one type of investment. At the date of this report, the Village did not have more than 5% of its overall portfolio invested in any one type of investment. The Village's investment policy requires diversification of investment to avoid unreasonable risk but only has set percentage limits on investments by institution.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

Deposits with Financial Institutions (Continued)

The Village has the following recurring fair value measurements as of the date of this report. The U.S. Treasury obligations are valued using quoted prices in active markets for identical assets (Level 1 inputs). The negotiable cds are valued using quoted matrix pricing models (Level 2 inputs). The IPRIME LTD Shares are valued based on the fair value of the underlying investments in the fund (Level 3 input).

3. RECEIVABLES

a. Property taxes

Property taxes for 2022 attach as an enforceable lien on January 1, 2022, on property values assessed as of the same date. Taxes are levied by December of the fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about February 1 and July 1 each year and are payable in two installments, on or about March 1 and August 1. For 2022, the second installment bills were issued on December 1 and due on December 30. The County collects such taxes and remits them periodically.

The Village has elected, under governmental accounting standards, to match its property tax revenues to the fiscal year that the tax levy is intended to finance. Therefore, the entire 2022 tax levy has been recorded as unavailable/deferred revenue on the financial statements.

b. Other Receivables

At the date of this report, the Village had other receivables as follows:

GOVERNMENTAL ACTIVITIES		
Hotel occupancy tax	\$	11,025
Ambulance service and fees		735,310
Cable franchise fees		246,940
Food and beverage tax		155,490
Red light violations		2,700
Electric utility tax		180,545
Billed miscellaneous receivables		<u>127,453</u>
Total governmental activities		<u>1,459,463</u>
BUSINESS-TYPE ACTIVITIES		
Billed miscellaneous receivables		59,878
Parking fees		17,300
Sewer loan program		4,664
Total business-type activities		<u>81,842</u>
TOTAL OTHER RECEIVABLES		
	\$	<u>1,541,305</u>

VILLAGE OF PALATINE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

3. RECEIVABLES (Continued)

c. Due from Other Governments

At the date of this report, the Village had amounts due from other governments as follows:

GOVERNMENTAL ACTIVITIES	
State sales tax	\$ 3,081,338
Home rule sales tax	1,749,705
Loan to park district	508,273
Grants	84,555
Video gaming tax	21,297
Court fines	47,150
Other state sources	97,746
Motor fuel tax allotments	265,048
Telecommunications tax	<u>180,817</u>
Total governmental activities	<u>6,035,929</u>
BUSINESS-TYPE ACTIVITIES	
Grants	<u>5,677</u>
TOTAL DUE FROM OTHER GOVERNMENTS	
	<u>\$ 6,041,606</u>

4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 11,565,020	\$ -	\$ -	\$ 11,565,020
Land right of way	139,806,925	-	-	139,806,925
Total capital assets not being depreciated	<u>151,371,945</u>	-	-	<u>151,371,945</u>
Capital assets being depreciated				
Buildings and improvements	52,208,475	-	-	52,208,475
Machinery and equipment	12,503,930	1,187,775	648,705	13,043,000
Streets	33,545,255	1,517,460	71,065	34,991,650
Bridges	1,596,735	-	-	1,596,735
Total capital assets being depreciated	<u>99,854,395</u>	2,705,235	719,770	<u>101,839,860</u>
Less accumulated depreciation for				
Buildings and improvements	17,645,045	1,226,835	-	18,871,880
Machinery and equipment	8,366,650	924,575	648,705	8,642,520
Streets	18,398,940	727,135	71,065	19,055,010
Bridges	1,038,835	24,220	-	1,063,055
Total accumulated depreciation	<u>45,449,470</u>	2,902,765	719,770	<u>47,632,465</u>
Total capital assets being depreciated, net	<u>54,404,925</u>	(197,530)	-	<u>54,207,395</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 205,776,870</u>	<u>\$ (197,530)</u>	-	<u>\$ 205,579,340</u>

VILLAGE OF PALATINE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 4,858,690	\$ -	\$ -	\$ 4,858,690
Total capital assets not being depreciated	<u>4,858,690</u>	<u>-</u>	<u>-</u>	<u>4,858,690</u>
Capital assets being depreciated				
Equipment	2,838,680	-	-	2,838,680
Buildings and improvements	8,027,370	179,455	-	8,206,825
Water system	31,140,549	5,129,755	134,434	36,135,870
Sewer system	63,530,650	-	-	63,530,650
Parking improvements	15,681,480	-	-	15,681,480
Total capital assets being depreciated	<u>121,218,729</u>	<u>5,309,210</u>	<u>134,434</u>	<u>126,393,505</u>
Less accumulated depreciation for				
Equipment	2,599,205	84,975	-	2,684,180
Buildings and improvements	5,220,215	162,875	-	5,383,090
Water system	12,766,250	743,560	107,785	13,402,025
Sewer system	43,314,620	1,206,515	-	44,521,135
Parking improvements	14,796,370	784,035	-	15,580,405
Total accumulated depreciation	<u>78,696,660</u>	<u>2,981,960</u>	<u>107,785</u>	<u>81,570,835</u>
Total capital assets being depreciated, net	<u>42,522,069</u>	<u>2,327,250</u>	<u>26,649</u>	<u>44,822,670</u>
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 47,380,759	\$ 2,327,250	\$ 26,649	\$ 49,681,360

Depreciation expense was charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES

General government	\$ 428,445
Public safety	1,142,745
Public works	<u>1,331,575</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	\$ 2,902,765

5. LONG-TERM DEBT

a. General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Village. Any general obligation bonds issued for proprietary funds are reported in the proprietary funds if they are expected to be repaid from proprietary revenues. In addition, general obligation bonds have been issued to refund general obligation bonds.

General obligation bonds currently outstanding are as follows:

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (CONTINUED)

a. General Obligation Bonds (Continued)

Issue	Fund Debt Retired By	Beginning Balances	Additions	Reductions/ Refunding	Ending Balances	Current
GOVERNMENTAL ACTIVITIES						
\$5,025,000 General Obligation Refunding Bonds, Series 2012, due in annual installments of \$95,000 to \$615,000 with interest at 1.000% to 2.375%. Final maturity is December 1, 2022.	Downtown TIF	\$ 615,000	\$ -	\$ 615,000	\$ -	\$ -
\$7,265,000 General Obligation Refunding Bonds, Taxable Series 2014B, due in annual installments of \$550,000 to \$790,000 with interest at 2.0% to 3.3%. Final maturity is December 1, 2025.	Rand Road Corridor TIF	2,990,000	-	705,000	2,285,000	735,000
\$7,705,000 General Obligation Refunding Bonds, Series 2017A, due in annual installments of \$1,135,000 to \$2,060,000 with interest at 1.8% to 4.0%. Final maturity is December 1, 2025.	Downtown TIF	2,060,000	-	2,060,000	-	-
\$1,465,000 General Obligation Refunding Bonds, Series 2017B, due in annual installments of \$485,000 to \$490,000 with interest at 3.0%. Final maturity is December 1, 2025.	General Obligation Bond	1,465,000	-	-	1,465,000	490,000
\$3,125,000 General Obligation Refunding Bonds, Taxable Series 2017C, due in annual installments of \$590,000 to \$650,000 with interest at 1.3% to 2.2%. Final maturity is December 1, 2022.	Downtown TIF	650,000	-	650,000	-	-
\$6,060,000 General Obligation Refunding Bonds, Taxable Series 2017D, due in annual installments of \$565,000 to \$745,000 with interest at 2.0% to 3.0%. Final maturity is December 1, 2026.	Rand Road Corridor TIF	3,545,000	-	675,000	2,870,000	690,000
\$6,235,000 General Obligation Refunding Bonds, Series 2018, due in annual installments of \$345,000 to \$755,000 with interest at 5.0%. Final maturity is December 1, 2029.	General Obligation Bond	4,980,000	-	500,000	4,480,000	530,000
\$18,335,000 General Obligation Refunding Bonds, Series 2020, due in annual installments of \$705,000 to \$2,405,000 with interest at 2.125% to 5.000%. Final maturity is December 1, 2034.	General Obligation Bond	18,335,000	-	-	18,335,000	-
TOTAL GOVERNMENTAL ACTIVITIES		\$ 34,640,000	\$ -	\$ 5,205,000	\$ 29,435,000	\$ 2,445,000

VILLAGE OF PALATINE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (CONTINUED)

a. General Obligation Bonds (Continued)

General obligation bonds currently outstanding are as follows (Continued):

Issue	Fund Debt Retired By	Beginning Balances	Additions	Reductions/ Refunding	Ending Balances	Current
BUSINESS-TYPE ACTIVITIES						
\$7,315,000 General Obligation Refunding Bonds, Series 2010A, due in annual installments of \$485,000 to \$705,000 with interest at 2.0% to 4.0%. Final maturity is December 1, 2022.	Sewerage	\$ 705,000	\$ -	\$ 705,000	\$ -	\$ -
\$7,345,000 General Obligation Refunding Bonds, Series 2014A, due in annual installments of \$35,000 to \$335,000 with interest at 2.0% to 3.0%. Final maturity is December 1, 2028.	Sewerage	2,110,000	-	2,110,000	-	-
\$7,165,000 General Obligation Bonds, Series 2015, due in annual installments of \$725,000 to \$2,600,000 with interest at 5.0% to 5.8%. Final maturity is December 1, 2025.	Water Sewerage	2,580,000 645,000	- -	600,000 150,000	1,980,000 495,000	628,000 157,000
TOTAL BUSINESS-TYPE ACTIVITIES		\$ 6,040,000	\$ -	\$ 3,565,000	\$ 2,475,000	\$ 785,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 2,445,000	\$ 910,836	\$ 785,000	\$ 114,000
2024	3,225,000	830,336	820,000	74,375
2025	3,325,000	710,176	870,000	32,750
2026	2,660,000	581,556	-	-
2027	2,015,000	463,456	-	-
2028 - 2032	11,005,000	1,227,881	-	-
2033 - 2035	4,760,000	149,312	-	-
Total	\$ 29,435,000	\$ 4,873,553	\$ 2,475,000	\$ 221,125

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (CONTINUED)

b. Tax Increment Financing Revenue Bonds and Notes

The Village also issues bonds and notes where the Village pledges incremental property tax income derived from separately created tax increment financing districts. The original amount of tax increment financing revenue bonds and notes in prior years was \$190,000.

These bonds and notes are secured only by the incremental property tax revenues generated by the tax increment financing district.

Annual debt service payments are based upon 50% of the incremental revenues, if any, generated by the underlying project. As such, there are no established debt service amortization schedules for these bonds and notes.

Tax increment financing revenue notes currently outstanding are as follows:

Issue	Fund Debt Retired By	Beginning Balances	Additions	Reductions/ Refunding	Ending Balances	Current
GOVERNMENTAL ACTIVITIES						
\$190,000 Limited Obligation Tax Increment Financing Notes, Series 2006B, due in annual installments of 50% of incremental revenues generated by the subject redevelopment property with no interest. Final maturity is December 31, 2023.	Downtown TIF	\$ 45,682	\$ -	\$ 14,000	\$ 31,682	\$ -

c. Legal Debt Margin

The Village is a home rule municipality. Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin.

"The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property... (2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent:...indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts."

To date, the General Assembly has set no limits for home rule municipalities.

VILLAGE OF PALATINE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (CONTINUED)

d. Tax Increment Financing Redevelopment Note Disclosures

Limited Obligation Redevelopment Notes - The Series 2006B Limited Obligation Redevelopment Notes were issued in conjunction with Downtown Redevelopment Projects. The ordinance authorizing the issuance of this obligation provided that this instrument was payable solely from the incremental property taxes generated from the subject project's parcel, if any.

The term of these notes expires on December 31, 2023, or such earlier date that the Downtown Tax Increment Financing District is terminated. Any unpaid balance of these notes at the expiration date of the Downtown Tax Increment Financing District will be forgiven.

e. Current Redemption of General Obligation Debt

On September 12, 2022, the Village called and redeemed the \$1,840,000 outstanding balance of the General Obligation Bonds, Series 2014A.

f. Summary of Changes in Long-Term Liabilities

	Beginning Balances, as Restated	Additions	Reductions	Ending Balances	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General obligation bonds	\$ 34,640,000	\$ -	\$ 5,205,000	\$ 29,435,000	\$ 2,445,000
TIF notes	45,682	-	14,000	31,682	-
Claims payable	1,007,660	464,460	667,125	804,995	-
Net pension liability*	79,638,617	56,522,571	-	136,161,188	-
Total OPEB liability*	14,114,847	1,276,241	5,028,871	10,362,217	497,814
Compensated absences**	2,202,410	-	71,825	2,130,585	426,119
Total	131,649,216	58,263,272	10,986,821	178,925,667	3,368,933
Less deferred amounts					
Unamortized bond discount	(10,040)	-	(4,960)	(5,080)	-
Unamortized bond premium	1,794,754	-	214,360	1,580,394	-
Total deferred amounts	1,784,714	-	209,400	1,575,314	-
TOTAL GOVERNMENTAL ACTIVITIES	\$133,433,930	\$ 58,263,272	\$ 11,196,221	\$180,500,981	\$ 3,368,933

* The General Fund has typically been used to liquidate these liabilities.

** The amount displayed as additions or reductions represents the net change in the liability.

VILLAGE OF PALATINE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (CONTINUED)

f. Summary of Changes in Long-Term Liabilities (Continued)

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
BUSINESS-TYPE ACTIVITIES					
General obligation bonds					
Water Fund	\$ 2,580,000	\$ -	\$ 600,000	\$ 1,980,000	\$ 628,000
Sewer Fund	3,460,000	-	2,965,000	495,000	157,000
Asset retirement obligation					
Water Fund	500,000	700,750	-	1,200,750	-
Total OPEB liability					
Water Fund	223,291	18,872	88,938	153,225	7,361
Sewer Fund	67,707	6,377	22,304	51,780	2,488
Compensated absences**					
Water Fund	70,170	32,995	-	103,165	20,635
Sewer Fund	28,220	10,460	-	38,680	7,740
Total	<u>6,929,388</u>	<u>769,454</u>	<u>3,676,242</u>	<u>4,022,600</u>	<u>823,224</u>
Less deferred amounts					
Unamortized bond discount	(8,680)	-	(8,680)	-	-
Unamortized bond premium	434,090	-	136,190	297,900	-
Total deferred amounts	<u>425,410</u>	<u>-</u>	<u>127,510</u>	<u>297,900</u>	<u>-</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 7,354,798</u>	<u>\$ 769,454</u>	<u>\$ 3,803,752</u>	<u>\$ 4,320,500</u>	<u>\$ 823,224</u>

** The amount displayed as additions or reductions represents the net change in the liability.

6. LESSOR DISCLOSURES

In accordance with GASB Statement No. 87, *Leases*, the Village's lessor disclosures are as follows:

The Village entered a lease agreement on September 1, 2003, to lease space on a water tower located at Kenilworth and Elizabeth Avenues for the placement of cellular communications equipment. Payments ranging from \$22,500 to \$53,022 are due to the Village in annual installments, through January 2032. The lease agreement is noncancelable and maintains an interest rate of 2.09%.

The Village entered a lease agreement on November 27, 2018, to lease space on a water tower at 2175 Coach Road for the placement of cellular communications equipment. Payments ranging from \$3,750 to \$9,103 are due to the Village in monthly installments, through February 2049. The lease agreement is noncancelable and maintains an interest rate of 2.10%.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LESSOR DISCLOSURES (CONTINUED)

The Village entered a lease agreement on December 27, 2017, to lease space on a water tower at 795 Sterling Avenue for the placement of cellular communications equipment. Payments ranging from \$3,750 to \$9,103 are due to the Village in monthly installments, through March 2048. The lease agreement is noncancelable and maintains an interest rate of 2.10%.

The Village entered a lease agreement on March 15, 2019, to lease space on a water tower located at 530 North Smith Street for the placement of cellular communications equipment. Payments ranging from \$3,750 to \$9,096 are due to the Village in monthly installments, through April 2049. The lease agreement is noncancelable and maintains an interest rate of 2.10%.

The Village entered a lease agreement on July 11, 2001, to lease space on a cell tower located at 220 West Illinois Avenue for the placement of cellular communications equipment. Payments ranging from \$1,667 to \$6,598 are due to the Village in monthly installments, through June 2046. The lease agreement is noncancelable and maintains an interest rate of 2.10%.

The Village entered a lease agreement on October 27, 1997, to lease space on a cell tower located at 200 East Wood Street for the placement of cellular communications equipment. Payments ranging from \$20,000 to \$55,829 are due to the Village in annual installments, through October 2046. The lease agreement is noncancelable and maintains an interest rate of 2.10%.

The Village entered a lease agreement on June 11, 2013, to lease a building located at 56 West Wilson Street. Payments ranging from \$6,720 to \$11,702 are due to the Village in monthly installments, through July 2023. The lease agreement is noncancelable and maintains an interest rate of .30%.

The Village entered a lease agreement on June 25, 2021, to lease space in the Commuter Train Station located at 137 West Wood Street. Payments ranging from \$865 to \$1,380 are due to the Village in monthly installments, through October 2036. The lease agreement is noncancelable and maintains an interest rate of 2.09%.

During the year, the Village recognized lease revenue of \$554,407 and interest revenue of \$144,135 related to leases.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village is self-insured for first party property losses, third party liability claims, workers' compensation claims and public officials' liability claims. These self-insurance activities are reported in the Casualty and Liability Insurance Fund which is an internal service fund.

All funds of the Village participate and make payments to the Casualty and Liability Insurance Fund based upon actuarial estimates of the amounts needed to pay prior and current year claims. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and societal factors. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	Workers' Compensation	General Liability	Total
UNPAID CLAIMS,			
DECEMBER 31, 2020	\$ 1,028,395	\$ 243,730	\$ 1,272,125
Claims incurred - 2021	141,525	180,580	322,105
Claims payments - 2021	289,880	179,370	469,250
UNPAID CLAIMS,			
DECEMBER 31, 2021	880,040	244,940	1,124,980
Claims incurred - 2022	53,679	678,179	731,858
Claims payments - 2022	578,064	263,404	841,468
UNPAID CLAIMS,			
DECEMBER 31, 2022	\$ 355,655	\$ 659,715	\$ 1,015,370

Risks for medical and death benefits for employees and retirees are provided for through the Village's participation in the Intergovernmental Personnel Benefit Cooperative (IPBC). IPBC acts as an administrative agency to receive, process, and pay such claims as may come within the benefit program of each member. IPBC maintains specific reinsurance coverage for claims more than \$75,000 per individual employee participant. The Village pays premiums to IPBC based upon current employee participation and its prior experience factor with the pool. Current year overages or underages for participation in the pool are adjusted into subsequent years' experience factor for premiums. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. CONTINGENT LIABILITIES

a. 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.

b. 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.

c. Northwest Water Commission (NWC)

The Village has committed to purchase water from NWC. The Village expects to pay approximately \$3,020,000 through December 31, 2022. This amount has been calculated using the Village's current allocation percentage of approximately 29%. In future years, this allocation percentage will be subject to change.

d. Solid Waste Agency of Northern Cook County (SWANCC)

The Village has committed to make payments to SWANCC for the disposal of residential solid waste of the Village effective August 1, 1994. Payments are based upon a tipping fee established to cover operations and maintenance costs and the Village's pro rata share of the fixed costs of SWANCC.

The Village's estimated 2022 payment for operations and maintenance costs is \$1,270,980, based on an estimated tipping fee of \$50.16 per ton for 25,341 tons.

9. TAX ABATEMENTS

The Village rebates property taxes to recruit, retain, or improve local business facilities or their supporting public infrastructure under certain circumstances and as an annexation inducement. The terms of these rebate arrangements are specified within written agreements with the individuals and businesses concerned.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. TAX ABATEMENTS (Continued)

For the current year, the Village rebated its share of property taxes paid by several individuals to induce them to annex into the Village in 2007 for redevelopment purposes.

These agreements terminate upon the first of the following events to occur: the Owner selling, assigning, conveying, redeveloping the property and/or the business with either a new use or a new or remodeled structure, or twenty (20) years from the date of the annexation. The rebate for the year totaled \$6,701.

The Village rebated property taxes paid by several businesses located within Tax Increment Financing Districts for costs associated with construction of or improvements to their business facilities. These agreements state the total eligible costs and the rebates are contingent on meeting certain financial performance metrics. The rebate for the year totaled \$1,040,219.

Cook County offers a Class 6b incentive program, whereby qualifying industrial properties will be assessed at 10% of market value for the first 10 years, 15% in the 11th year and 20% in the 12th year. In the absence of this incentive, industrial real estate would normally be assessed at 25% of its market value. While this program results in a substantial reduction in the level of assessment and results in significant tax savings for the qualifying property, it does not reduce the amount of taxes received by the Village.

10. ASSET RETIREMENT OBLIGATIONS

The Village has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon various water wells at the end of their estimated useful lives in accordance with federal, state and/or local requirements. The ARO was measured using actual historical costs for similar abandonments, adjusted for inflation through the end of the year. The estimated remaining useful lives of the water wells are 97 years.

11. JOINT VENTURES

Solid Waste Agency of Northern Cook County (SWANCC)

The Village is a member of SWANCC which consists of 23 municipalities. SWANCC is a municipal corporation and public body politic and corporate established pursuant to the Intergovernmental Cooperation Act of the State of Illinois. SWANCC is empowered to plan, construct, finance, operate and maintain a solid waste disposal system to serve its members.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. JOINT VENTURES (Continued)

Solid Waste Agency of Northern Cook County (SWANCC) (Continued)

SWANCC is governed by a board of directors which consists of either the mayor/president or village manager from each member municipality. Each director has an equal vote. The officers of SWANCC are appointed by the Board of Directors. The Board of Directors determines the general policy of SWANCC, makes all appropriations, approves contracts, provides for the issuance of debt, adopts by-laws, rules and regulations, exercises such powers and performs such duties as may be prescribed in the agency agreement or the by-laws.

Complete financial statements can be obtained from the SWANCC administrative office at 77 West Hintz Road, Suite 200, Wheeling, Illinois 60090.

Revenues of the system consist of all receipts derived from solid waste disposal contracts or any other contracts for the disposal of waste, all income derived from the investment of monies, and all income, fees, service charges and all grants, rents and receipts derived by SWANCC from the ownership and operation of the system. SWANCC covenants to establish fees and charges sufficient to provide revenues to meet all its requirements.

SWANCC has entered into solid waste disposal contracts with the member municipalities. The contracts are irrevocable and may not be terminated or amended except as provided for in the contract. Each member is obligated, on a "take or pay" basis, to deliver a minimum amount of solid waste to the system. The obligation of the Village to make all payments as required by this contract is unconditional and irrevocable, without regard to performance or nonperformance by SWANCC of its obligations under the contract. The contract does not constitute an indebtedness of the Village within the meaning of any statutory or constitutional limitation.

In accordance with the contract, the Village made payments totaling \$1,319,467 to SWANCC during the year. The payments have been recorded in the Refuse Collection Fund. The Village does not have an equity interest in SWANCC at the date of this report.

Northwest Water Commission (NWC)

The Village is a member of NWC which consists of four municipalities. NWC is a municipal corporation and public body politic and corporate established pursuant to the Intergovernmental Cooperation Act of the State of Illinois. NWC is empowered to plan, construct, improve, extend, acquire, finance, operate and maintain a water supply system to serve its members and other potential water purchasers.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. JOINT VENTURES (Continued)

Northwest Water Commission (NWC) (Continued)

NWC is governed by a board of commissioners which consist of one appointed representative from each member municipality as well as one from the County. Each commissioner has an equal vote. The officers of NWC are appointed by the Board of Commissioners. The Board of Commissioners determines the general policy of NWC, makes all appropriations, approves contracts for sale or purchase of water, provides for the issuance of debt, adopts by-laws, rules and regulations, exercises such powers and performs such duties as may be prescribed in the agency agreement or the by-laws.

Complete financial statements can be obtained from the NWC, 1525 North Wolf Road, Des Plaines, Illinois 60016.

Revenues of the system consist of all receipts derived from the Water Supply Agreements or any other contract for the supply of water, all income derived from the investment of monies, and all income, fees, water service charges and all grants, rents and receipts derived by NWC from the ownership and operation of the system and the sale of water. NWC covenants to establish fees and charges sufficient to provide revenues to meet all its obligations.

NWC has entered into water supply agreements with the four member municipalities for a term of 40 years, extending to 2059. The agreements are irrevocable and may not be terminated or amended except as provided for in the General Resolution. Each member is obligated, on a "take or pay" basis, to purchase or in any event to pay for a minimum annual quantity of water.

NWC has entered into an agreement with the City of Evanston (the City) under which the City has agreed to sell quantities of Lake Michigan water sufficient to meet the projected water needs of the members through the year 2035.

The obligation of the Village to make payments required by this agreement is payable from the Village's Waterworks Fund.

In accordance with the joint venture agreement, the Village remitted \$2,705,446 to NWC during the year, net of a \$407,180 rebate. The Village's equity interest in NWC was \$15,071,500 at the date of this report. The Village's net investment and its share of the operating results of NWC are recorded in the Village's Waterworks Fund.

VILLAGE OF PALATINE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

12. INDIVIDUAL FUND DISCLOSURES

a. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
Major governmental General	Nonmajor governmental Special Police Grant	\$ 22,238
Fiduciary - Pension Trust Police Pension	Major governmental General	1,122,312
Firefighters' Pension	General	<u>1,149,125</u>
	Total	\$ <u>2,293,675</u>

The purpose for the due from/to other funds is for a short-term cash loan at year end for the grant fund and accrued pension contributions for the pension trust funds. The amounts will be liquidated within one year.

b. During the year, the following transfers were made:

Transfer Out Fund	Transfer In Fund	Amount
General	Debt Service	\$ 1,769,480
Waterworks	Capital Equipment	310,000
Sewerage	Capital Equipment	310,000
Refuse	Capital Improvement	<u>50,000</u>
	Total	\$ <u>2,439,480</u>

The transfer to the Debt Service Fund was to fund a Debt Service Reserve. The transfers to the Capital Funds were to provide funding for capital equipment and improvements. These relate to the movement of resources between funds that will not be repaid.

13. OTHER POSTEMPLOYMENT BENEFITS

Plan Administration

In addition to providing the pension benefits described, the Village provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan (the Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report. The activity of the Plan is reported in the Village's governmental activities, business-type activities, and proprietary funds.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Plan Membership

At the date of this report, membership consisted of:

Inactive plan members currently receiving benefits	67
Inactive plan members entitled to but not yet receiving benefits	-
Active employees	<u>286</u>
	<u><u>353</u></u>

The Village provides the opportunity for retirees, their spouses and dependents (enrolled at time of employee's retirement) to participate in the Village's health insurance plan for pre-Medicare postretirement health insurance. To be eligible for benefits, the employee must qualify for retirement under one of the Village's three retirement plans. An implicit benefit is provided due to the retirees paying 100% of the actuarially determined premium to the plan.

Pursuant to the Illinois Public Safety Employee Benefits Act, the Village provides health insurance to any sworn police or fire employee (their spouses and dependents) who suffers a catastrophic injury or is killed in the line of duty. The Village is responsible for paying the entire actuarially determined contribution to the plan.

Total OPEB Liability

The Village's total OPEB liability of \$10,567,222 was measured as of December 31, 2022.

Actuarial Assumptions and Other Inputs

Actuarial cost method	Entry-age normal
Assumptions	
Total payroll increases	3.00%
Discount rate	
Beginning of year	2.06%
End of year	3.72%
Healthcare cost trend rates	
Initial	6.00%
Ultimate	5.00%

The discount rate was based on The Bond Buyer 20-Bond GO Index, which is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

VILLAGE OF PALATINE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the Total OPEB Liability

Balance at beginning of the year	\$ 14,405,845
Changes for the period	
Service Cost	1,009,959
Interest	291,531
Actuarial experience	(2,874,757)
Changes in assumptions	(1,757,693)
Plan changes	-
Benefit payments	<u>(507,663)</u>
Net changes	<u>(3,838,623)</u>
Balance at end of the year	<u>\$ 10,567,222</u>

The assumed rate on High Quality 20 Year Tax-Exempt General Obligation (G.O.) Bonds was changed from 2.06% to 3.72% for the current year. The underlying index used is The Bond Buyer 20-Bond G.O. Index. The choice of index is unchanged from the prior year. The rate has been updated to the current fiscal year end based on changes in market conditions as reflected in the Index. Additionally, the expected increases in medical costs assumption was revised to better reflect the future anticipated experience of the system.

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate.

The table below presents the total OPEB liability of the Village determined using the end of year discount rate listed in the assumption section, as well as what the Village total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease (2.72%)	Current Discount Rate (3.72%)	1% Increase (4.72%)
Total OPEB Liability	\$ 11,300,884	\$ 10,567,222	\$ 9,870,550

The table below presents the total OPEB liability of the Village calculated using the healthcare cost trend rates listed in the assumption section, as well as what the Village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher:

VILLAGE OF PALATINE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the Total OPEB Liability (Continued)

	1% Decrease (Varies)	Current Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Total OPEB Liability	\$ 9,458,125	\$ 10,567,222	\$ 11,864,831

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

For the year, the Village recognized OPEB expense of \$789,922. At the date of this report, 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
Difference between expected and actual experience	\$ -	\$ 5,013,799
Changes in assumptions	<u>1,943,716</u>	<u>2,116,434</u>
Total	\$ 1,943,716	\$ 7,130,233

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to OPEB (Continued)*

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

Year Ending December 31	
2023	\$ (511,568)
2024	(511,568)
2025	(511,568)
2026	(511,568)
2027	(511,568)
Thereafter	<u>(2,628,677)</u>
Total	\$ (5,186,517)

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; the Police Pension Employees Retirement System (PPERS) which is a single-employer pension plan; and the Firefighters' Pension Employees Retirement System (FPERS) which is also a single-employer pension plan. The benefits, benefit levels, employee contributions, and employer contributions for all three plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports on the pension plans. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained online at www.imrf.org.

The table below is a summary for all pension plans as of and for the year ended December 31, 2022:

	IMRF	PPERS	FPERS	Total
Net pension liability	\$ -	\$ 67,777,245	\$ 68,383,943	\$ 136,161,188
Net pension (asset)	(9,304,429)	-	-	(9,304,429)
Deferred outflows of resources	2,277,561	22,279,751	22,133,981	46,691,293
Deferred inflows of resources	11,353,256	3,379,887	3,543,267	18,276,410
Pension expense (income)	(2,114,251)	6,439,130	8,491,769	12,816,648

a. Illinois Municipal Retirement Fund (IMRF)

Plan Administration

All employees (other than those covered by PPERS or FPERS) hired in positions that meet 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.

Plan Membership

At December 31, 2021 (latest information available), membership consisted of:

Inactive plan members currently receiving benefits	213
Inactive plan members entitled to but not yet receiving benefits	103
Active employees	128

444

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Illinois Municipal Retirement Fund (IMRF) (Continued)

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

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 members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3 % of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Contributions

Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution and required employer contribution for 2022 was 9.31% of covered payroll.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation using the following actuarial methods and assumptions as of the date of this report.

Actuarial valuation date	December 31, 2021
Actuarial cost method	Entry-age normal
Asset valuation method	Market
Inflation	2.25%
Salary increases	2.85% - 13.75%
Interest rate	7.25%

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Illinois Municipal Retirement Fund (IMRF) (Continued)

Actuarial Assumptions (Continued)

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

Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects: (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For this valuation, the expected rate of return on pension plan investments is 7.25%, the municipal bond rate is 1.84% (based on the daily rate closest to but not later than the measurement date of the "20-Year Municipal GO AA Index"), and the resulting Single Discount Rate is 7.25%.

VILLAGE OF PALATINE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Illinois Municipal Retirement Fund (IMRF) (Continued)

Changes in the Net Pension Liability/(Asset)

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability/(Asset)
Balances at beginning of the year	\$ 84,081,196	\$ 86,054,290	\$ (1,973,094)
Changes for the period			
Service Cost	1,075,860		- 1,075,860
Interest	5,984,758		- 5,984,758
Difference between expected and actual experience	1,658,086		- 1,658,086
Changes in assumptions	-	-	-
Employer contributions	-	1,393,340	(1,393,340)
Employee contributions	-	522,502	(522,502)
Net investment income	-	14,359,845	(14,359,845)
Benefit payments and refunds	(4,141,482)	(4,141,482)	-
Administrative expenses	-	-	-
Other (net transfer)	-	(225,648)	225,648
Net changes	4,577,222	11,908,557	(7,331,335)
Balances at end of the year	<u>\$ 88,658,418</u>	<u>\$ 97,962,847</u>	<u>\$ (9,304,429)</u>

The governmental activities portion of the net pension liability is generally liquidated by the General Fund.

The tax-exempt municipal bond rate was changed from 2.00% to 1.84% based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date.

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 of 7.25% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)	\$ 1,429,518	\$ (9,304,429)	\$ (17,909,606)

VILLAGE OF PALATINE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Illinois Municipal Retirement Fund (IMRF) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year, the Village recognized IMRF pension expense (income) of (\$2,114,251). At the date of this report, the Village reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,231,223	\$ -
Changes in assumptions	-	293,924
Net difference between projected and actual earnings on pension plan investments	-	11,059,332
Employer contributions after the measurement date	<u>1,046,338</u>	-
Total	\$ 2,277,561	\$ 11,353,256

The \$1,046,338 reported as deferred outflows of resources related to pensions resulting from Village contributions after the measurement date will be recognized as a reduction of the net pension liability in the following year.

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

Year Ending December 31	
2023	\$ (2,077,118)
2024	(3,751,519)
2025	(2,651,444)
2026	(1,641,952)
2027	-
Thereafter	-
Total	\$ (10,122,033)

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. Police Pension Employees Retirement System (PPERS)

Plan Administration

Police sworn personnel are covered by PPERS. Although this is a single-employer pension plan, the defined benefits and employee and 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 PPERS as a pension trust fund.

PPERS is governed by a five-member Board of Trustees. Two members of the Board are appointed by the Village's Mayor, one member is elected by pension beneficiaries, and two members are elected by active police employees.

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.

Plan Membership

At the date of this report, the measurement date, membership consisted of:

Inactive plan members currently receiving benefits	99
Inactive plan members entitled to but not yet receiving benefits	10
Active employees	<u>110</u>
	<u>219</u>
Number of participating employers	<u>1</u>

Benefits Provided

PPERS provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% 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

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. Police Pension Employees Retirement System (PPERS) (Continued)

Benefits Provided (Continued)

and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten 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 officers' salary for pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}$ % for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Employees are required by ILCS to contribute 9.91% of their base salary to PPERS. 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. 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. However, the Village has elected to calculate its annual contribution using the entry age normal level percentage of payroll actuarial cost method that will result in the funding of 100% of the past service cost by the year 2040. For the year, the Village's contribution was 54.23% of covered payroll.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. Police Pension Employees Retirement System (PPERS) (Continued)

Illinois Police Officers' Pension Investment Fund

The Illinois Police Officers' Pension Investment Fund (IPOPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate police pension funds. IPOPIF was created by Public Act 101-0610 and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds as defined in 40 ILCS 5/ 22B-105. Participation in IPOPIF by Illinois suburban and downstate police pension funds is mandatory.

Deposits with Financial Institutions

The PPERS retains its available cash. Available cash is determined to be the amount which is required for the current expenditures of the PPERS. Any excess of available cash is required to be transferred to IPOPIF for purposes of the long-term investment for the PPERS.

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, PPERS' deposits may not be returned to it. PPERS' investment policy does not require collateralization; however, all deposits at the date of this report are covered by Federal Depository Insurance.

Investments

Investments of the PPERS are combined in a commingled external investment pool and held by IPOPIF. A schedule of investment expenses is included in IPOPIF's annual report. For additional information on IPOPIF's investments, please refer to their annual report as of June 30, 2022. A copy of that report can be obtained from IPOPIF at 456 Fulton Street, Suite 402, Peoria, IL 61602 or at www.ipopif.org.

Fair Value Measurement

The PPERS categorizes 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; and Level 3 inputs are significant unobservable inputs. The PPERS held no investments subject to fair value measurement at year end.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. Police Pension Employees Retirement System (PPERS) (Continued)

Net Asset Value

The Net Asset Value (NAV) of the PPERS' pooled investment in IPOPIF was \$95,463,028 at year end. The pooled investments consist of the investments as noted in the target allocation table below. Investments in IPOPIF are valued at IPOPIF's share price, which is the price the investment could be sold. There are no unfunded commitments at year end. The PPERS may redeem shares with a seven-calendar day notice. IPOPIF may, at its sole discretion and based on circumstances, process redemption requests with fewer than a seven-calendar day notice. Regular redemptions of the same amount on a particular day of the month may be arranged with IPOPIF.

Investment Policy

IPOPIF's investment policy was originally adopted by the Board of Trustees on December 17, 2021. IPOPIF has the authority to invest trust fund assets in any type of security subject to the requirements and restrictions set forth in the Illinois Pension Code and is not restricted by the Pension Code sections that pertain exclusively to the Article 3 participating police pension funds. IPOPIF shall be subject to the provisions of the Illinois Pension Code including, but not limited to, utilization of emerging investment managers and utilization of businesses owned by minorities, women and persons with disabilities.

Investment Rate of Return

For the year, the annual money-weighted rate of return on PPERS investments, net of investment expense, was (14.23)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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 the Village contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rate. Based on those assumptions, PPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on PPERS investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF PALATINE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. Police Pension Employees Retirement System (PPERS) (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
Balances at beginning of the year	<u>\$ 153,982,221</u>	<u>\$ 117,177,599</u>	<u>\$ 36,804,622</u>
Changes for the period			
Service Cost	2,447,261	-	2,447,261
Interest	10,902,536	-	10,902,536
Difference between expected and actual experience	3,110,405	-	3,110,405
Changes in assumptions	5,532,349	-	5,532,349
Changes in benefit terms	(93,175)	-	(93,175)
Employer contributions	-	6,221,185	(6,221,185)
Employee contributions	-	1,435,595	(1,435,595)
Net investment income	-	(16,712,527)	16,712,527
Benefit payments and refunds	(7,263,286)	(7,263,286)	-
Other (net transfer)	-	(17,500)	17,500
Net changes	<u>14,636,090</u>	<u>(16,336,533)</u>	<u>30,972,623</u>
Balances at end of the year	<u>\$ 168,618,311</u>	<u>\$ 100,841,066</u>	<u>\$ 67,777,245</u>
Plan fiduciary net position as a percentage of the total pension liability			59.80%

The governmental activities portion of the net pension liability is generally liquidated by the General Fund.

The assumed rate on High Quality 20 Year Tax-Exempt General Obligation (G.O.) Bonds was changed from 2.06% to 3.72% for the current year. The underlying index used is The Bond Buyer 20-Bond G.O. Index. The choice of index is unchanged from the prior year. The rate has been updated to the current fiscal year end based on changes in market conditions as reflected in the Index. Additionally, the Discount Rate and Expected Rate of Return on Investments was changed from 7.25% to 7.00%.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. Police Pension Employees Retirement System (PPERS) (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation using the following actuarial methods and assumptions as of the date of this report. Unless otherwise noted, the same actuarial assumptions are used for Tier 1 and Tier 2.

Actuarial valuation date	December 31, 2022
Actuarial cost method	Entry-age normal
Economic assumptions	
Discount rate used for the Total Pension Liability	7.00%
Expected rate of return on investments	7.00%
High-Quality 20 Year tax exempt GO Bond Rate	3.72%
Projected individual pay increases	3.75% - 15.35%
Projected total payroll increases	3.25%
Consumer price index (Urban)	2.25%
Inflation rate	2.25%
Asset valuation method	Fair Value

Demographic assumptions

Mortality rates

Active Mortality - follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis. 50% of active Member deaths are assumed to be in the line of duty.

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

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

Spouse Mortality - follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study for Contingent Survivors. For all rates not provided there (ages 45 and younger) the PubG-2010 Study for general employees was used. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. Police Pension Employees Retirement System (PPERS) (Continued)

Actuarial Assumptions (Continued)

Demographic assumptions (Continued)

Retirement rates – 150% of L&A 2020 Illinois Police Retirement Rates Capped at Age 65

Termination rates – 100% of L&A 2020 Illinois Police Termination Rates

Disability Rates – 100% of L&A 2020 Illinois Police Disability Rates

Marital assumptions

Active members – 80% of active Members are assumed to be married. Female spouses are assumed to be 3 years younger than male spouses.

Retiree and disabled members – Based on actual spouse data.

Discount Rate Sensitivity

The following is a sensitivity 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 of 7.00%, as well as, what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 93,142,091	\$ 67,777,245	\$ 47,273,306

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year, the Village recognized PPERS pension expense of \$6,439,130 and reported deferred outflows of resources and deferred inflows of resources related to PPERS from the following sources:

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. Police Pension Employees Retirement System (PPERS) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,499,741	\$ 3,237,337
Changes in assumptions	6,996,284	142,550
Net difference between projected and actual earnings on pension plan investments	<u>10,783,726</u>	-
Total	<u>\$ 22,279,751</u>	<u>\$ 3,379,887</u>

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

Year Ending December 31	
2023	\$ 1,423,904
2024	3,984,261
2025	5,116,607
2026	6,563,525
2027	1,061,747
Thereafter	<u>749,820</u>
Total	<u>\$ 18,899,864</u>

c. Firefighters' Pension Employees Retirement System (FPERS)

Plan Administration

Fire sworn personnel are covered by FPERS. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The Village accounts for FPERS as a pension trust fund.

FPERS is governed by a five-member Board of Trustees. Two members of the Board are appointed by the Village's Mayor, one member is elected by pension beneficiaries, and two members are elected by active police employees.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Firefighters' Pension Employees Retirement System (FPERS) (Continued)

Plan Administration (Continued)

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.

Plan Membership

At the date of this report, the measurement date, membership consisted of:

Inactive plan members currently receiving benefits	89
Inactive plan members entitled to but not yet receiving benefits	5
Active employees	91
	<hr/>
	185
Number of participating employers	1
	<hr/>

Benefits Provided

FPERS provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten 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 covered employee 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 3.00% of the original pension and 3.00% compounded annually thereafter.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Firefighters' Pension Employees Retirement System (FPERS) (Continued)

Benefits Provided (Continued)

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten 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 firefighter 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. Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}\%$ for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter 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 3.00% or $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

Employees are required by ILCS to contribute 9.455% of their base salary to FPERS. 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. 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. However, the Village has elected to calculate its annual contribution using the entry age normal level percentage of payroll actuarial cost method that will result in the funding of 100% of the past service cost by the year 2040. For the year, the Village's contribution was 81.75% of covered payroll.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Firefighters' Pension Employees Retirement System (FPERS) (Continued)

Illinois Firefighters' Pension Investment Fund

The Illinois Firefighters' Pension Investment Fund (IFPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate firefighter pension funds. IFPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IFPIF by Illinois suburban and downstate firefighter pension funds is mandatory.

Deposits with Financial Institutions

The FPERS retains all of its available cash. Available cash is determined to be the amount which is required for the current expenditures of the FPERS. Excess available cash is required to be transferred to IFPIF for the purposes of the long-term investment for the FPERS.

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, FPERS' deposits may not be returned to it. FPERS' investment policy does not require collateralization; however, all deposits at the date of this report are covered by Federal Depository Insurance.

Investments

Investments of the FPERS are combined in a commingled external investment pool and held by IFPIF. A schedule of investment expenses is included in IFPIF's annual report. For additional information on IFPIF's investments, please refer to their annual report as of June 30, 2022. A copy of that report can be obtained from IFPIF at 1919 South Highland Avenue, Building A, Suite 237, Lombard, IL 60148 or at www.ifpif.org.

Fair Value Measurement

The FPERS categorizes 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; and Level 3 inputs are significant unobservable inputs. The FPERS held no investments subject to fair value measurement at year end.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Firefighters' Pension Employees Retirement System (FPERS) (Continued)

Net Asset Value

The Net Asset Value (NAV) of the FPERS' pooled investment in IFPIF was \$85,802,957 at year end. The pooled investments consist of the investments as noted in the target allocation table available at www.ifpif.org. Investments in IFPIF are valued at IFPIF's share price, which is the price the investment could be sold. There are no unfunded commitments at year end. The FPERS may redeem shares by giving notice by 5:00 pm central time on the 1st of each month. Requests properly submitted on or before the 1st of each month will be processed for redemption by the 14th of the month. Expedited redemptions may be processed at the sole discretion of IFPIF.

Investment Policy

IFPIF's current investment policy was adopted by the Board of Trustees on June 17, 2022. IFPIF is authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). The IFPIF shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 4 of the Illinois Pension Code.

Investment Rate of Return

For the year, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was (14.86)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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 the Village contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rate. Based on those assumptions, FPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on FPERS investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF PALATINE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Firefighters' Pension Employees Retirement System (FPERS) (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
Balances at beginning of the year	\$ 145,242,608	\$ 102,408,613	\$ 42,833,995
Changes for the period			
Service Cost	2,313,500	-	2,313,500
Interest	10,277,176	-	10,277,176
Difference between expected and actual experience	2,339,793	-	2,339,793
Changes in assumptions	4,838,686	-	4,838,686
Changes in benefit terms	(143,917)	-	(143,917)
Employer contributions	-	8,343,615	(8,343,615)
Employee contributions	-	1,057,570	(1,057,570)
Net investment income	-	(15,305,426)	15,305,426
Benefit payments and refunds	(7,090,392)	(7,090,392)	-
Other (net transfer)	-	(20,469)	20,469
Net changes	12,534,846	(13,015,102)	25,549,948
Balances at end of the year	\$ 157,777,454	\$ 89,393,511	\$ 68,383,943

Plan fiduciary net position as a percentage of the total pension liability 56.66%

The governmental activities portion of the net pension liability is generally liquidated by the General Fund.

The assumed rate on High Quality 20 Year Tax-Exempt General Obligation (G.O.) Bonds was changed from 2.06% to 3.72% for the current year. The underlying index used is The Bond Buyer 20-Bond G.O. Index. The choice of index is unchanged from the prior year. The rate has been updated to the current fiscal year end based on changes in market conditions as reflected in the Index. Additionally, the Discount Rate and Expected Rate of Return on Investments was changed from 7.25% to 7.00%.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation using the following actuarial methods and assumptions as of the date of this report. Unless otherwise noted, the same actuarial assumptions are used for Tier 1 and Tier 2.

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Firefighters' Pension Employees Retirement System (FPERS) (Continued)

Actuarial Assumptions (Continued)

Actuarial valuation date	December 31, 2022
Actuarial cost method	Entry-age normal
Economic assumptions	
Discount rate used for the Total Pension Liability	7.00%
Expected rate of return on investments	7.00%
High-Quality 20 Year tax exempt GO Bond Rate	3.72%
Projected individual pay increases	3.75% - 36.05%
Projected total payroll increases	3.25%
Consumer price index (Urban)	2.25%
Inflation rate	2.25%
Asset valuation method	Fair Value

Demographic assumptions

Mortality rates

Active Mortality - follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis. 50% of active Member deaths are assumed to be in the line of duty.

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

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

Spouse Mortality - follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study for Contingent Survivors. For all rates not provided there (ages 45 and younger) the PubG-2010 Study for general employees was used. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

Retirement rates – 100% of L&A 2020 Illinois Firefighters Retirement Rates Capped at Age 65

Termination rates – 100% of L&A 2020 Illinois Firefighters Termination Rates

Disability Rates – 100% of L&A 2020 Illinois Firefighters Disability Rates

Marital assumptions

Active members – 80% of active Members are assumed to be married. Female spouses are assumed to be 3 years younger than male spouses.

Retiree and disabled members – Based on actual spouse data.

VILLAGE OF PALATINE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Firefighters' Pension Employees Retirement System (FPERS) (Continued)

Discount Rate Sensitivity

The following is a sensitivity 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 of 7.00%, as well as, what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 90,340,253	\$ 68,383,943	\$ 50,353,683

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year, the Village recognized FPERS pension expense of \$8,491,769 and reported deferred outflows of resources and deferred inflows of resources related to FPERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,623,387	\$ 3,539,008
Changes in assumptions	4,890,009	4,259
Net difference between projected and actual earnings on pension plan investments	13,620,585	-
Total	\$ 22,133,981	\$ 3,543,267

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

Year Ending December 31	
2023	\$ 2,654,228
2024	3,983,225
2025	5,158,026
2026	5,344,134
2027	858,390
Thereafter	592,711
Total	\$ 18,590,714

VILLAGE OF PALATINE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

15. PENSION TRUST FUNDS

a. Schedule of Net Position

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and cash equivalents	\$ 4,240,297	\$ 2,509,025	\$ 6,749,322
Investments, at fair value			
Investments held in the			
Illinois Police Officers' Pension			
Investment Fund	95,463,028	-	95,463,028
Illinois Firefighters' Pension			
Investment Fund	-	85,802,957	85,802,957
Receivables			
Other	15,429	5,167	20,596
Due from general fund	1,122,312	1,149,125	2,271,437
 Total assets	 100,841,066	 89,466,274	 190,307,340
 LIABILITIES			
Benefits payable	-	72,763	72,763
 Total liabilities	 -	 72,763	 72,763
 NET POSITION			
Restricted for pensions	\$ 100,841,066	\$ 89,393,511	\$ 190,234,577

VILLAGE OF PALATINE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

15. PENSION TRUST FUNDS (Continued)

b. Schedule of Changes in Net Position

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 6,221,185	\$ 8,343,615	\$ 14,564,800
Employee	1,169,070	987,270	2,156,340
Other	266,525	70,300	336,825
Total contributions	7,656,780	9,401,185	17,057,965
Investment earnings			
Net increase (decrease) in the fair value of investments	(17,700,144)	(15,990,847)	(33,690,991)
Interest	1,214,887	797,386	2,012,273
Total investment earnings	(16,485,257)	(15,193,461)	(31,678,718)
Less investment expense	(227,270)	(111,965)	(339,235)
Net investment earnings	(16,712,527)	(15,305,426)	(32,017,953)
Total additions	(9,055,747)	(5,904,241)	(14,959,988)
DEDUCTIONS			
Administration	17,500	20,469	37,969
Benefits and refunds			
Retirement benefits	7,119,591	7,090,392	14,209,983
Refunds of contributions	143,695	-	143,695
Total deductions	7,280,786	7,110,861	14,391,647
CHANGE IN NET POSITION	(16,336,533)	(13,015,102)	(29,351,635)
NET POSITION			
January 1	117,177,599	102,408,613	219,586,212
December 31	\$ 100,841,066	\$ 89,393,511	\$ 190,234,577

VILLAGE OF PALATINE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

16. CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2022, the Village implemented GASB Statement No. 101, *Compensated Absences*. For the implementation, the beginning net position has been restated, as follows.

	Governmental Activities	Business-Type Activities	
ENTITY-WIDE STATEMENTS			
Net position, January 1 - as previously reported	\$ 130,309,734	\$ 73,866,956	
Change in Accounting Principle - GASB 101	(624,505)	(26,720)	
Net position, January 1 - as restated	<u>\$ 129,685,229</u>	<u>\$ 73,840,236</u>	
 FUND LEVEL STATEMENTS			
	Fleet Services Fund	Waterworks Fund	Sewerage Fund
Net position, January 1 - as previously reported	\$ 776,144	\$ 43,435,604	\$ 23,931,653
Change in Accounting Principle - GASB 101	(6,360)	(23,380)	(3,340)
Net position, January 1 - as restated	<u>\$ 769,784</u>	<u>\$ 43,412,224</u>	<u>\$ 23,928,313</u>

Required Supplementary Information

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 28,312,678	\$ 28,312,678	\$ 30,700,058
Licenses and permits	3,560,700	3,560,700	3,137,925
Intergovernmental	23,296,340	23,719,630	29,407,004
Charges for services	5,052,855	6,126,355	7,725,730
Fines and forfeits	2,172,100	2,172,100	1,198,466
Investment income	101,400	101,400	(55,988)
Miscellaneous	420,000	447,505	506,943
 Total revenues	 62,916,073	 64,440,368	 72,620,138
EXPENDITURES			
General government	5,630,461	5,418,878	4,937,310
Public safety	50,546,018	55,051,760	53,447,375
Public works	6,910,705	7,151,447	6,801,488
 Total expenditures	 63,087,184	 67,622,085	 65,186,173
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(171,111)	(3,181,717)	7,433,965
OTHER FINANCING SOURCES (USES)			
Transfers (out)	-	(1,769,480)	(1,769,480)
 Total other financing sources (uses)	 -	 (1,769,480)	 (1,769,480)
NET CHANGE IN FUND BALANCE	\$ (171,111)	\$ (4,951,197)	5,664,485
FUND BALANCE, JANUARY 1			35,209,224
FUND BALANCE, DECEMBER 31			\$ 40,873,709

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DOWNTOWN TIF FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Incremental property taxes	\$ 7,599,000	\$ 7,599,000	\$ 7,489,554
Investment income	5,000	5,000	178,392
Total revenues	7,604,000	7,604,000	7,667,946
EXPENDITURES			
Economic development			
Supplies and services	10,000	85,000	6,030
Project expenditures	-	36,000	36,000
Capital outlay			
Buildings and facilities	340,000	289,268	288,992
Street improvements	500,000	537,088	48,393
Flood control	50,000	-	-
Debt service			
Principal retirement	4,331,340	4,333,340	3,339,000
Interest	115,705	115,705	115,706
Fiscal charges	2,250	2,250	946
Total expenditures	5,349,295	5,398,651	3,835,067
NET CHANGE IN FUND BALANCE	\$ 2,254,705	\$ 2,205,349	3,832,879
FUND BALANCE, JANUARY 1			11,021,082
FUND BALANCE, DECEMBER 31			\$ 14,853,961

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY GRANT FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Grants	\$ -	\$ 3,165,706	\$ 3,165,705
Investment income	-	-	163,522
Total revenues	-	3,165,706	3,329,227
EXPENDITURES			
Capital outlay			
Technology	-	255,109	255,109
Buildings and facilities	-	-	-
Vehicles and equipment	-	2,910,597	2,910,597
Rights of way	-	-	-
Flood control	-	-	-
Water system	-	-	-
Total expenditures	-	3,165,706	3,165,706
NET CHANGE IN FUND BALANCE	\$ -	\$ -	163,521
FUND BALANCE, JANUARY 1			<u>1,174</u>
FUND BALANCE, DECEMBER 31			<u>\$ 164,695</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Ten Fiscal Years
(schedule to be built prospectively)

Calendar Year	2014	2015	2016	2017
Actuarially Determined Contribution	\$ 1,280,673	\$ 1,326,808	\$ 1,357,502	\$ 1,268,896
Actual Contribution	1,299,693	1,326,808	1,359,414	1,286,486
Contribution Deficiency/(Excess)	(19,020)	-	(1,912)	(17,590)
Covered Valuation Payroll	10,139,928	10,563,758	10,630,398	10,452,192
Actual Contribution as a Percentage of Covered Valuation Payroll	12.82%	12.56%	12.79%	12.31%

Notes to the required supplementary information:

Valuation date	Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.
Actuarial cost method	Aggregate entry-age normal
Assumptions	
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22-year closed period until remaining period reaches 15 years
Asset valuation method	5 Year smoothed market; 20% corridor
Inflation	3.25%
Salary increases	3.35% to 14.25% including inflation
Investment rate of return	7.25%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014 - 2016.
Mortality	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.

Unless otherwise noted, the same actuarial assumptions are used for Tier 1 and Tier 2.

(See independent auditor's report.)

2018	2019	2020	2021	2022
\$ 1,236,724	\$ 1,072,435	\$ 1,346,507	\$ 1,393,340	\$ 1,046,338
1,236,724	1,072,435	1,346,507	1,393,340	1,046,338
-	-	-	-	-
10,772,855	10,976,825	11,230,254	11,611,171	11,238,861
11.48%	9.77%	11.99%	12.00%	9.31%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

Last Ten Fiscal Years

Calendar Year	2013	2014	2015	2016
Actuarially Determined Contribution	\$ 2,996,776	\$ 2,948,599	\$ 3,038,973	\$ 3,441,579
Actual Contribution	2,969,877	2,951,135	3,371,172	3,538,272
Contribution Deficiency/(Excess)	26,899	(2,536)	(332,199)	(96,693)
Covered Valuation Payroll	9,749,554	10,057,662	10,205,207	10,358,270
Actual Contribution as a Percentage of Covered Valuation Payroll	30.46%	29.34%	33.03%	34.16%

Notes to the required supplementary information for the 2022 contributions:

Valuation date	December 31, 2020
Actuarial cost method	Entry-age normal
Assumptions	
Amortization method	Level percentage of payroll, closed
Amortization target	100% funded over 20 years
Asset valuation method	5-Year Smoothed Market
Inflation	2.25%
Salary increases	3.25%
Individual pay increases	3.75% - 15.35%
Investment rate of return	7.25%
Mortality rates - Active	Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.
Mortality rates - Retiree	L&A Assumption Study for Police 2020 experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are then improved fully generationally using MP-2019 Improvement Rates.
Retirement rates	150% of the L&A Assumption Study for Police 2020 Cap Age 65.
Termination rates	100% of the L&A Assumption Study for Police 2020.
Disability rates	100% of the L&A Assumption Study for Police 2020.

Unless otherwise noted, the same actuarial assumptions are used for Tier 1 and Tier 2.

The 2017 Actuarially Determined Contribution reflects an update to the mortality tables.

The 2018 Actuarially Determined Contribution reflects a change in actuaries and a change in the discount rate.

(See independent auditor's report.)

2017	2018	2019	2020	2021	2022
\$ 4,075,790	\$ 4,307,574	\$ 4,397,183	\$ 4,700,943	\$ 5,638,311	\$ 5,428,437
4,043,020	4,322,198	4,771,486	5,364,713	5,719,861	6,221,185
32,770	(14,624)	(374,303)	(663,770)	(81,550)	(792,748)
10,849,076	10,871,318	10,997,170	11,218,955	11,914,392	11,796,852
37.27%	39.76%	43.39%	47.82%	48.01%	52.74%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND

Last Ten Fiscal Years

Calendar Year	2013	2014	2015	2016
Actuarially Determined Contribution	\$ 2,978,383	\$ 3,091,300	\$ 3,238,069	\$ 3,254,943
Actual Contribution	2,958,027	3,098,007	3,620,989	3,660,137
Contribution Deficiency/(Excess)	20,356	(6,707)	(382,920)	(405,194)
Covered Valuation Payroll	7,812,502	8,744,586	8,905,763	9,137,439
Actual Contribution as a Percentage of Covered Valuation Payroll	37.86%	35.43%	40.66%	40.06%

Notes to the required supplementary information for the 2022 contributions:

Valuation date	December 31, 2020
Actuarial cost method	Entry-age normal
Assumptions	
Amortization method	Level percentage of payroll, closed
Amortization target	100% funded over 20 years
Asset valuation method	5-Year Smoothed Market
Inflation	2.25%
Salary increases	3.25%
Individual pay increases	3.75% - 36.05%
Investment rate of return	7.25%
Mortality rates - Active	Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.
Mortality rates - Retiree	L&A Assumption Study for Firefighters 2020 experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are then improved fully generationally using MP-2019 Improvement Rates.
Retirement rates	100% of the L&A Assumption Study for Firefighters 2020 Cap Age 65.
Termination rates	100% of the L&A Assumption Study for Firefighters 2020.
Disability rates	100% of the L&A Assumption Study for Firefighters 2020.

Unless otherwise noted, the same actuarial assumptions are used for Tier 1 and Tier 2.

The 2017 Actuarially Determined Contribution reflects an update to the mortality tables.

The 2018 Actuarially Determined Contribution reflects a change in actuaries and a change in the discount rate.

(See independent auditor's report.)

	2017	2018	2019	2020	2021	2022
\$	3,911,411	\$ 4,596,932	\$ 4,654,347	\$ 4,935,330	\$ 5,482,655	\$ 5,551,876
	4,629,680	4,675,335	5,205,407	5,608,868	5,563,796	8,343,615
	(718,269)	(78,403)	(551,060)	(673,538)	(81,141)	(2,791,739)
	9,245,367	9,508,556	9,877,339	10,768,480	11,215,725	10,934,974
	50.08%	49.17%	52.70%	52.09%	49.61%	76.30%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POST EMPLOYMENT BENEFIT PLAN

Last Ten Fiscal Years
(schedule to be built prospectively)

Calendar Year	2018	2019	2020
TOTAL OPEB LIABILITY			
Service cost	\$ 719,981	\$ 657,670	\$ 819,775
Interest	438,629	510,011	414,399
Differences between expected and actual experience	-	-	(3,326,163)
Changes of assumptions	(856,449)	2,088,140	890,690
Benefit payments, including refunds of member contributions	<u>(573,712)</u>	<u>(639,070)</u>	<u>(501,543)</u>
Net change in total OPEB liability	(271,551)	2,616,751	(1,702,842)
Total OPEB liability			
Beginning	<u>13,029,621</u>	<u>12,758,070</u>	<u>15,374,821</u>
Ending	<u>\$ 12,758,070</u>	<u>\$ 15,374,821</u>	<u>\$ 13,671,979</u>
Covered-employee payroll	\$ 27,077,166	\$ 27,780,330	\$ 28,273,958
Employer's net OPEB liability as a percentage of covered-employee payroll	47.12%	55.34%	48.36%

Notes to the required supplementary information:

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for this plan.

(See independent auditor's report.)

2021	2022
------	------

\$ 977,864	\$ 1,009,959
284,910	291,531
- (63,325)	(2,874,757) (1,757,693)
<hr/> <u>(465,583)</u>	<hr/> <u>(507,663)</u>
733,866	(3,838,623)
<hr/> <u>13,671,979</u>	<hr/> <u>14,405,845</u>
<hr/> <u>\$ 14,405,845</u>	<hr/> <u>\$ 10,567,222</u>

\$ 28,353,996 \$ 30,571,858

50.81% 34.57%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Ten Fiscal Years
(schedule to be built prospectively)

Valuation/Measurement Date	2014	2015	2016	2017
Calendar Year	2015	2016	2017	2018
TOTAL PENSION LIABILITY				
Service cost	\$ 1,215,353	\$ 1,135,095	\$ 1,157,484	\$ 1,134,861
Interest	4,415,607	4,821,993	5,043,039	5,178,562
Differences between expected and actual experience	216,592	(422,884)	(1,422,863)	922,845
Changes of assumptions	2,026,659	172,219	(262,779)	(2,317,207)
Benefit payments, including refunds of member contributions	(2,187,292)	(2,472,221)	(2,700,058)	(3,233,210)
Net change in total pension liability	5,686,919	3,234,202	1,814,823	1,685,851
Total pension liability				
Beginning	59,360,728	65,047,647	68,281,849	70,096,672
Ending	\$ 65,047,647	\$ 68,281,849	\$ 70,096,672	\$ 71,782,523
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 1,299,693	\$ 1,326,807	\$ 1,359,414	\$ 1,286,486
Contributions - member	528,559	486,317	479,022	475,499
Net investment income	3,425,146	296,437	4,059,760	10,497,805
Benefit payments, including refunds of member contributions	(2,187,292)	(2,472,221)	(2,700,058)	(3,233,210)
Other	221,384	(579,310)	214,489	(1,090,449)
Net change in plan fiduciary net position	3,287,490	(941,970)	3,412,627	7,936,131
Plan fiduciary net position				
Beginning	56,329,449	59,616,939	58,674,969	62,087,596
Ending	\$ 59,616,939	\$ 58,674,969	\$ 62,087,596	\$ 70,023,727
EMPLOYER'S NET PENSION LIABILITY/(ASSET)	\$ 5,430,708	\$ 9,606,880	\$ 8,009,076	\$ 1,758,796
Plan fiduciary net position as a percentage of the total pension liability	91.65%	85.93%	88.57%	97.55%
Covered payroll	\$ 10,139,928	\$ 10,563,758	\$ 10,630,398	\$ 10,452,192
Employer's net pension liability/(asset) as a percentage of covered payroll	53.56%	90.94%	75.34%	16.83%

(See independent auditor's report.)

2018 2019	2019 2020	2020 2021	2021 2022
\$ 1,024,994 5,298,581	\$ 1,097,251 5,560,012	\$ 1,130,613 5,826,652	\$ 1,075,860 5,984,758
939,544 2,205,814	822,768 -	108,059 (783,224)	1,658,086 -
(3,294,551)	(3,631,408)	(4,006,432)	(4,141,482)
6,174,382	3,848,623	2,275,668	4,577,222
<u>71,782,523</u>	<u>77,956,905</u>	<u>81,805,528</u>	<u>84,081,196</u>
<u>\$ 77,956,905</u>	<u>\$ 81,805,528</u>	<u>\$ 84,081,196</u>	<u>\$ 88,658,418</u>
 \$ 1,236,724 494,998 (3,659,634)	 \$ 1,072,435 493,955 12,298,754	 \$ 1,346,507 548,467 10,935,116	 \$ 1,393,340 522,502 14,359,845
(3,294,551) 1,611,824	(3,631,408) 260,867	(4,006,432) 322,941	(4,141,482) (225,648)
(3,610,639)	10,494,603	9,146,599	11,908,557
 <u>70,023,727</u>	 <u>66,413,088</u>	 <u>76,907,691</u>	 <u>86,054,290</u>
 <u>\$ 66,413,088</u>	 <u>\$ 76,907,691</u>	 <u>\$ 86,054,290</u>	 <u>\$ 97,962,847</u>
 <u>\$ 11,543,817</u>	 <u>\$ 4,897,837</u>	 <u>\$ (1,973,094)</u>	 <u>\$ (9,304,429)</u>

85.19% 94.01% 102.35% 110.49%

\$ 10,772,855 \$ 10,976,825 \$ 11,230,254 \$ 11,611,171

107.16% 44.62% -17.57% -80.13%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

Last Ten Fiscal Years
(schedule to be built prospectively)

Calendar Year	2014	2015	2016	2017
TOTAL PENSION LIABILITY				
Service cost	\$ 2,128,244	\$ 2,015,249	\$ 2,107,038	\$ 2,135,476
Interest	6,641,984	7,633,547	8,334,207	8,262,326
Changes to benefit terms	-	-	-	-
Differences between expected and actual experience	2,900,261	550,745	(4,910,367)	1,524,716
Changes of assumptions	5,140,944	7,001,248	(2,119,085)	(4,940)
Benefit payments, including refunds of member contributions	(3,315,139)	(3,866,026)	(4,187,653)	(4,618,864)
Net change in total pension liability	13,496,294	13,334,763	(775,860)	7,298,714
Total pension liability				
Beginning	90,217,352	103,713,646	117,048,409	116,272,549
Ending	<u>\$ 103,713,646</u>	<u>\$ 117,048,409</u>	<u>\$ 116,272,549</u>	<u>\$ 123,571,263</u>
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 2,951,135	\$ 3,371,172	\$ 3,538,272	\$ 4,043,020
Contributions - member	1,356,475	1,034,219	1,055,702	1,048,695
Net investment income	4,286,605	(209,305)	4,490,541	9,547,991
Benefit payments, including refunds of member contributions	(3,315,139)	(3,866,026)	(4,187,653)	(4,618,864)
Other	(33,802)	(35,446)	(48,430)	(23,802)
Net change in total pension liability	5,245,274	294,614	4,848,432	9,997,040
Plan net position				
Beginning	56,991,085	62,236,359	62,530,973	67,379,405
Ending	<u>\$ 62,236,359</u>	<u>\$ 62,530,973</u>	<u>\$ 67,379,405</u>	<u>\$ 77,376,445</u>
EMPLOYER'S NET PENSION LIABILITY				
	<u>\$ 41,477,287</u>	<u>\$ 54,517,436</u>	<u>\$ 48,893,144</u>	<u>\$ 46,194,818</u>
Plan fiduciary net position as a percentage of the total pension liability	60.01%	53.42%	57.95%	62.62%
Covered payroll	\$ 10,074,104	\$ 10,205,207	\$ 10,358,270	\$ 10,849,076
Employer's net pension liability as a percentage of covered payroll	411.72%	534.21%	472.02%	425.79%

(See independent auditor's report.)

2018	2019	2020	2021	2022
\$ 2,290,298	\$ 2,233,157	\$ 2,385,236	\$ 2,383,728	\$ 2,447,261
8,777,152	9,322,558	10,250,927	10,379,255	10,902,536
-	624,567	-	-	(93,175)
1,720,631	1,682,132	(599,585)	(2,472,651)	3,110,405
-	4,733,370	-	-	5,532,349
(5,014,198)	(5,516,268)	(6,276,335)	(6,493,016)	(7,263,286)
7,773,883	13,079,516	5,760,243	3,797,316	14,636,090
123,571,263	131,345,146	144,424,662	150,184,905	153,982,221
<u>\$ 131,345,146</u>	<u>\$ 144,424,662</u>	<u>\$ 150,184,905</u>	<u>\$ 153,982,221</u>	<u>\$ 168,618,311</u>

\$ 4,322,198	\$ 4,771,486	\$ 5,364,713	\$ 5,719,861	\$ 6,221,185
1,077,694	1,145,375	1,188,697	1,185,100	1,435,595
(5,144,043)	15,742,283	11,192,237	16,298,601	(16,712,527)
(5,014,198)	(5,516,268)	(6,276,335)	(6,493,016)	(7,263,286)
67,323	(16,500)	(13,975)	199,921	(17,500)
(4,691,026)	16,126,376	11,455,337	16,910,467	(16,336,533)
77,376,445	72,685,419	88,811,795	100,267,132	117,177,599
<u>\$ 72,685,419</u>	<u>\$ 88,811,795</u>	<u>\$ 100,267,132</u>	<u>\$ 117,177,599</u>	<u>\$ 100,841,066</u>
<u>\$ 58,659,727</u>	<u>\$ 55,612,867</u>	<u>\$ 49,917,773</u>	<u>\$ 36,804,622</u>	<u>\$ 67,777,245</u>

55.34% 61.49% 66.76% 76.10% 59.80%

\$ 10,871,318 \$ 10,997,170 \$ 11,218,955 \$ 11,914,392 \$ 11,796,852

539.58% 505.70% 444.94% 308.91% 574.54%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

Last Ten Fiscal Years
(schedule to be built prospectively)

Calendar Year	2014	2015	2016	2017
TOTAL PENSION LIABILITY				
Service cost	\$ 2,175,704	\$ 1,980,545	\$ 2,045,539	\$ 2,027,295
Interest	6,540,584	7,087,978	7,740,742	8,210,890
Changes to benefit terms	-	-	-	-
Differences between expected and actual experience	(62,429)	4,554	1,035,715	418,362
Changes of assumptions	2,775,760	7,553,761	328,856	-
Benefit payments, including refunds of member contributions	(4,046,416)	(4,215,646)	(4,513,084)	(4,818,995)
Net change in total pension liability	7,383,203	12,411,192	6,637,768	5,837,552
Total pension liability				
Beginning	89,230,996	96,614,199	109,025,391	115,663,159
Ending	<u>\$ 96,614,199</u>	<u>\$ 109,025,391</u>	<u>\$ 115,663,159</u>	<u>\$ 121,500,711</u>
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 3,098,007	\$ 3,620,989	\$ 3,660,137	\$ 4,629,680
Contributions - member	836,025	857,036	899,896	886,245
Net investment income	2,470,732	(1,071,694)	4,226,592	9,065,572
Benefit payments, including refunds of member contributions	(4,046,416)	(4,215,646)	(4,513,084)	(4,818,995)
Other	(22,954)	(13,377)	(14,181)	(11,665)
Net change in total pension liability	2,335,394	(822,692)	4,259,360	9,750,837
Plan net position				
Beginning	57,290,017	59,625,411	58,802,719	63,062,079
Ending	<u>\$ 59,625,411</u>	<u>\$ 58,802,719</u>	<u>\$ 63,062,079</u>	<u>\$ 72,812,916</u>
EMPLOYER'S NET PENSION LIABILITY	<u>\$ 36,988,788</u>	<u>\$ 50,222,672</u>	<u>\$ 52,601,080</u>	<u>\$ 48,687,795</u>
Plan fiduciary net position as a percentage of the total pension liability	61.71%	53.93%	54.52%	59.93%
Covered payroll	\$ 8,744,586	\$ 8,905,763	\$ 9,137,439	\$ 9,245,367
Employer's net pension liability as a percentage of covered payroll	422.99%	563.93%	575.67%	526.62%

(See independent auditor's report.)

2018	2019	2020	2021	2022
\$ 2,174,274	\$ 2,182,763	\$ 2,337,486	\$ 2,348,003	\$ 2,313,500
8,621,323	9,085,806	9,733,994	9,749,927	10,277,176
-	704,741	-	-	(143,917)
994,849	745,112	1,065,786	(4,475,390)	2,339,793
(11,224)	1,518,292	-	-	4,838,686
<u>(5,171,821)</u>	<u>(5,573,297)</u>	<u>(5,899,592)</u>	<u>(6,389,135)</u>	<u>(7,090,392)</u>
6,607,401	8,663,417	7,237,674	1,233,405	12,534,846
<u>121,500,711</u>	<u>128,108,112</u>	<u>136,771,529</u>	<u>144,009,203</u>	<u>145,242,608</u>
<u>\$ 128,108,112</u>	<u>\$ 136,771,529</u>	<u>\$ 144,009,203</u>	<u>\$ 145,242,608</u>	<u>\$ 157,777,454</u>
\$ 4,675,335	\$ 5,205,407	\$ 5,608,868	\$ 5,563,796	\$ 8,343,615
905,175	940,243	962,993	999,524	1,057,570
(4,380,191)	12,209,428	11,448,837	8,454,382	(15,305,426)
<u>(5,171,822)</u>	<u>(5,573,297)</u>	<u>(5,899,592)</u>	<u>(6,389,135)</u>	<u>(7,090,392)</u>
62,362	(18,068)	(12,808)	4,260	(20,469)
<u>(3,909,141)</u>	<u>12,763,713</u>	<u>12,108,298</u>	<u>8,632,827</u>	<u>(13,015,102)</u>
<u>72,812,916</u>	<u>68,903,775</u>	<u>81,667,488</u>	<u>93,775,786</u>	<u>102,408,613</u>
<u>\$ 68,903,775</u>	<u>\$ 81,667,488</u>	<u>\$ 93,775,786</u>	<u>\$ 102,408,613</u>	<u>\$ 89,393,511</u>
<u>\$ 59,204,337</u>	<u>\$ 55,104,041</u>	<u>\$ 50,233,417</u>	<u>\$ 42,833,995</u>	<u>\$ 68,383,943</u>

53.79% 59.71% 65.12% 70.51% 56.66%

\$ 9,508,556 \$ 9,877,339 \$ 10,768,480 \$ 11,215,725 \$ 10,934,974

622.64% 557.88% 466.49% 381.91% 625.37%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF INVESTMENT RETURNS

Last Ten Fiscal Years
(schedule to be built prospectively)

Annual money-weighted rate of return, net of investment expense.

Calendar Year	Police Pension Fund	Firefighters' Pension Fund
2014	7.45%	4.50%
2015	-0.37%	-1.82%
2016	7.19%	7.30%
2017	14.06%	14.50%
2018	-5.36%	-6.11%
2019	21.24%	17.95%
2020	13.56%	14.16%
2021	13.71%	9.54%
2022	-14.23%	-14.86%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2022

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

a. Budgetary Information

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for the general, special revenue, debt service, capital projects, enterprise, internal service, and pension trust funds. Annual appropriated budgets are not adopted for the custodial funds. All annual appropriations lapse at fiscal year end.

Departments of the Village submit requests for appropriation to the Village's manager so that a budget may be prepared. The budget is prepared by fund, department and organization and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the governing body for review. The governing body holds public review sessions in addition to the statutory public hearing and may add to, subtract from, or change appropriations, but may not change the form of the budget.

The manager is authorized to transfer budgeted amounts between departments within any fund; however, the governing body must approve any revisions that increase the total expenditures of any fund. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, several supplementary appropriations were necessary.

b. Expenditures/expenses did not exceed budget in any funds.

c. Changes In Actuarial Assumptions

OPEB

The assumed rate on High Quality 20 Year Tax-Exempt General Obligation (G.O.) Bonds was changed from 2.06% to 3.72% for the current year. The underlying index used is The Bond Buyer 20-Bond G.O. Index. The choice of index is unchanged from the prior year. The rate has been updated to the current fiscal year end based on changes in market conditions as reflected in the Index. Additionally, the expected increases in medical costs assumption was revised to better reflect the future anticipated experience of the system.

IMRF

The long-term municipal bond rate was changed from 2.00% to 1.84% based on the *"Fidelity 20-Year Municipal GO AA Index"* as of the measurement date.

PPERS and FPERS

The assumed rate on High Quality 20 Year Tax-Exempt General Obligation (G.O.) Bonds was changed from 2.06% to 3.72% for the current year. The underlying index used is The Bond Buyer 20-Bond G.O. Index. The choice of index is unchanged from the prior year. The rate has been updated to the current fiscal year end based on changes in market conditions as reflected in the Index. Additionally, the Discount Rate and Expected Rate of Return on Investments was changed from 7.25% to 7.00%.

d. Changes In Benefits

PPERS and FPERS

Eligibility for postemployment benefit increases is determined based on the Illinois Pension Code. Tier I Retirees are provided with an annual increase of 3.00% of the current retirement benefits by statute when eligible. Tier II Retirees are provided postemployment benefit increases based on the lesser of 3.00% of the original retirement benefits or one-half of the Consumer Price Index (Urban) for the prior September. The CPI-U for September 1992 was 141.30. The CPI-U for September 2022 was 296.81. The average increase in the CPI-U for September 1992 through September 2022 was 2.52% (on a compounded basis).

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Combining and Individual Fund Financial Statements and Schedules

Nonmajor Governmental Funds

VILLAGE OF PALATINE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2022

	Special Revenue	General Obligation Bond	Capital Improvement	Total Nonmajor Governmental
ASSETS				
Cash and investments	\$ 11,464,018	\$ 1,681,940	\$ 5,306,082	\$ 18,452,040
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	855,328	2,164,315	-	3,019,643
Due from other governments	308,966	-	113,945	422,911
Accrued interest	2,919	-	2,526	5,445
TOTAL ASSETS	\$ 12,631,231	\$ 3,846,255	\$ 5,422,553	\$ 21,900,039
LIABILITIES				
Accounts payable	\$ 256,857	\$ -	\$ 32,926	\$ 289,783
Accrued payroll	4,236	-	-	4,236
Due to other funds	22,238	-	-	22,238
Unearned revenue	-	-	-	-
Total liabilities	283,331	-	32,926	316,257
DEFERRED INFLOWS OF RESOURCES				
Property tax revenue	-	1,779,156	-	1,779,156
Total Deferred Inflows of Resources	-	1,779,156	-	1,779,156
Total liabilities and deferred inflows of resources	283,331	1,779,156	32,926	2,095,413
FUND BALANCES				
Restricted for streets and highways	2,854,294	-	-	2,854,294
Restricted for debt service	-	2,067,099	-	2,067,099
Restricted for public safety	1,400,184	-	-	1,400,184
Restricted for economic development	8,093,422	-	-	8,093,422
Unrestricted				
Assigned for capital projects	-	-	5,389,627	5,389,627
Total fund balances	12,347,900	2,067,099	5,389,627	19,804,626
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 12,631,231	\$ 3,846,255	\$ 5,422,553	\$ 21,900,039

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2022

	Special Revenue	General Obligation Bond	Capital Improvement	Total Nonmajor Governmental
REVENUES				
Taxes	\$ 4,838,843	\$ 1,426,101	\$ 1,646,141	\$ 7,911,085
Intergovernmental	5,397,644	-	60,000	5,457,644
Charges for services	-	-	76,970	76,970
Fines and forfeits	-	-	-	-
Investment income	82,705	26,355	(38,687)	70,373
Miscellaneous	18,090	-	-	18,090
 Total revenues	 10,337,282	 1,452,456	 1,744,424	 13,534,162
 EXPENDITURES				
Current				
Public safety	505,230	-	-	505,230
Economic development	4,909,453	-	-	4,909,453
Capital outlay	4,652,664	-	994,657	5,647,321
Debt service				
Principal retirement	1,380,000	500,000	-	1,880,000
Interest	188,693	784,156	-	972,849
Fiscal charges	1,225	1,425	-	2,650
 Total expenditures	 11,637,265	 1,285,581	 994,657	 13,917,503
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (1,299,983)	 166,875	 749,767	 (383,341)
 OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	803	803
Transfers in	-	1,769,480	50,000	1,819,480
 Total other financing sources (uses)	 -	 1,769,480	 50,803	 1,820,283
 NET CHANGE IN FUND BALANCES	 (1,299,983)	 1,936,355	 800,570	 1,436,942
 FUND BALANCE, JANUARY 1	 13,647,883	 130,744	 4,589,057	 18,367,684
 FUND BALANCE, DECEMBER 31	 \$ 12,347,900	 \$ 2,067,099	 \$ 5,389,627	 \$ 19,804,626

(See independent auditor's report.)

Nonmajor Special Revenue Funds

Motor Fuel Tax Fund - to account for the expenditure of the Village's share of State Motor Fuel Tax Allotments and Build Illinois funds. These expenditures must follow the guidelines issued by the Illinois Department of Transportation.

Community Development Block Grant Fund - to account for the expenditure of federal Community Development Block Grant funds. These expenditures must follow the guidelines of the Department of Housing and Urban Development.

Federal Equitable Sharing Fund - to account for the expenditure of the Village's share of federal asset seizure funds under programs from the Department of Justice and Department of the Treasury. These expenditures must follow the guidelines issued by these two Departments.

State Equitable Sharing Fund - to account for the expenditure of the Village's share of state asset seizure funds. These expenditures must follow the guidelines found in state statute.

Foreign Fire Tax Fund - to account for the expenditure of Foreign Fire Insurance Taxes received by the State. These expenditures must follow the guidelines found in state statute and are administered locally by the Foreign Fire Tax Board.

Rand Road Corridor TIF Fund - to account for the expenditure of tax increment financing funds generated within this TIF District. These expenditures must follow the guidelines found in state statute.

Rand/Lake Cook TIF Fund - to account for the expenditure of tax increment financing funds generated within this TIF District. These expenditures must follow the guidelines found in state statute.

Police Grant Fund - to account for the expenditure of grant funds specifically designated for Police Department related purposes from a variety of granting agencies. These expenditures must follow the guidelines issued by the grantors.

Opioid Settlement Fund - to account for the expenditure of opioid settlement proceeds. These expenditures must follow the guidelines found in the settlement agreement.

Community Development Block Grant-CV Fund - to account for the expenditure of federal Community Development Block Grant-CV funds. These expenditures must follow the guidelines of the Department of Housing and Urban Development.

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VILLAGE OF PALATINE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2022

	Motor Fuel Tax	Community Development Block Grant	Federal Equitable Sharing	State Equitable Sharing	Foreign Fire Tax
ASSETS					
Cash and investments	\$ 2,802,324	\$ -	\$ 504,624	\$ 648,330	\$ 257,395
Receivables					
Property taxes	-	-	-	-	-
Due from other governments	265,048	-	-	-	-
Accrued interest	-	-	-	-	-
TOTAL ASSETS	\$ 3,067,372	\$ -	\$ 504,624	\$ 648,330	\$ 257,395
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 213,078	\$ -	\$ -	\$ 27,793	\$ -
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	213,078	-	-	27,793	-
FUND BALANCES					
Restricted for streets and highways	2,854,294	-	-	-	-
Restricted for public safety	-	-	504,624	620,537	257,395
Restricted for economic development	-	-	-	-	-
Total fund balances	2,854,294	-	504,624	620,537	257,395
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,067,372	\$ -	\$ 504,624	\$ 648,330	\$ 257,395

(See independent auditor's report.)

Rand Road Corridor TIF	Rand/Lake Cook TIF	Police Grant	Opioid Settlement	Community Development Block Grant-CV	Total
\$ 4,744,543	\$ 2,489,174	\$ -	\$ 17,628	\$ -	\$ 11,464,018
813,471	41,857	-	-	-	855,328
2,316	-	26,474	-	15,128	308,966
1,520	1,399	-	-	-	2,919
\$ 5,561,850	\$ 2,532,430	\$ 26,474	\$ 17,628	\$ 15,128	\$ 12,631,231

\$	858	\$	-	\$	-	\$	15,128	\$	256,857
	-		-	4,236		-	-		4,236
	-		-	22,238		-	-		22,238
858			-	26,474		-	15,128		283,331
	-		-	-		-	-		2,854,294
	-		-	-	17,628		-		1,400,184
5,560,992	2,532,430			-	-	-	-		8,093,422
5,560,992	2,532,430			-	17,628		-		12,347,900
\$	5,561,850	\$	2,532,430	\$	26,474	\$	17,628	\$	12,631,231

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2022

	Motor Fuel Tax	Community Development Block Grant	Federal Equitable Sharing	State Equitable Sharing	Foreign Fire Tax
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	4,256,716	194,165	34,853	520,057	138,611
Investment income	43,601	-	8,416	10,437	147
Miscellaneous	-	-	-	-	562
 Total revenues	 4,300,317	 194,165	 43,269	 530,494	 139,320
 EXPENDITURES					
Current					
Public safety	-	-	39,506	199,473	148,770
Economic development	-	169,729	-	-	-
Capital outlay	4,301,315	24,436	-	-	-
Debt service					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Fiscal charges	-	-	-	-	-
 Total expenditures	 4,301,315	 194,165	 39,506	 199,473	 148,770
 NET CHANGE IN FUND BALANCES	 (998)	 -	 3,763	 331,021	 (9,450)
 FUND BALANCES, JANUARY 1	 2,855,292	 -	 500,861	 289,516	 266,845
 FUND BALANCES, DECEMBER 31	 \$ 2,854,294	 \$ -	 \$ 504,624	 \$ 620,537	 \$ 257,395

(See independent auditor's report.)

Rand Road Corridor TIF	Rand/ Lake Cook TIF	Police Grant	Opioid Settlement	Community Development Block Grant-CV	Total
\$ 3,758,591	\$ 1,080,252	\$ -	\$ -	\$ -	\$ 4,838,843
2,316	-	117,481	-	133,445	5,397,644
10,979	9,025	-	100	-	82,705
-	-	-	17,528	-	18,090
3,771,886	1,089,277	117,481	17,628	133,445	10,337,282
-	-	117,481	-	-	505,230
2,505,249	2,101,030	-	-	133,445	4,909,453
326,913	-	-	-	-	4,652,664
1,380,000	-	-	-	-	1,380,000
188,693	-	-	-	-	188,693
1,225	-	-	-	-	1,225
4,402,080	2,101,030	117,481	-	133,445	11,637,265
(630,194)	(1,011,753)	-	17,628	-	(1,299,983)
6,191,186	3,544,183	-	-	-	13,647,883
\$ 5,560,992	\$ 2,532,430	\$ -	\$ 17,628	\$ -	\$ 12,347,900

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Motor fuel tax allotment	\$ 2,505,300	\$ 2,505,300	\$ 2,750,657
Grants	-	1,506,268	1,506,059
Investment income	750	750	43,601
 Total revenues	 2,506,050	 4,012,318	 4,300,317
 EXPENDITURES			
Capital outlay			
Street improvements	2,493,475	4,301,316	4,301,315
 Total expenditures	 2,493,475	 4,301,316	 4,301,315
 NET CHANGE IN FUND BALANCE	 \$ 12,575	 \$ (288,998)	 (998)
 FUND BALANCE, JANUARY 1			 2,855,292
 FUND BALANCE, DECEMBER 31			 \$ 2,854,294

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 COMMUNITY DEVELOPMENT BLOCK GRANT FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental Grants	\$ 484,944	\$ 194,165	\$ 194,165
Total revenues	484,944	194,165	194,165
EXPENDITURES			
Economic development			
Administrative fees - General Fund	96,988	96,988	96,988
Social service agencies	72,741	72,741	72,741
Capital outlay			
Rights of way improvements	315,215	24,436	24,436
Total expenditures	484,944	194,165	194,165
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -
FUND BALANCE, JANUARY 1			
FUND BALANCE, DECEMBER 31			

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FEDERAL EQUITABLE SHARING FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Grants	\$ 20,000	\$ 20,000	\$ 34,853
Investment income	-	-	8,416
Total revenues	20,000	20,000	43,269
EXPENDITURES			
Public safety			
Police			
Supplies and services	20,000	40,000	39,506
Total expenditures	20,000	40,000	39,506
NET CHANGE IN FUND BALANCE	\$ -	\$ (20,000)	3,763
FUND BALANCE, JANUARY 1			500,861
FUND BALANCE, DECEMBER 31			\$ 504,624

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 STATE EQUITABLE SHARING FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Grants	\$ 5,000	\$ 5,000	\$ 520,057
Investment income	-	-	10,437
Total revenues	5,000	5,000	530,494
EXPENDITURES			
Public safety			
Police			
Supplies and services	5,000	200,000	199,473
Total expenditures	5,000	200,000	199,473
NET CHANGE IN FUND BALANCE	\$ -	\$ (195,000)	331,021
FUND BALANCE, JANUARY 1			289,516
FUND BALANCE, DECEMBER 31			\$ 620,537

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOREIGN FIRE TAX FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Foreign fire tax	\$ 70,000	\$ 70,000	\$ 138,611
Investment income	-	-	147
Miscellaneous			
Other	-	-	562
	<hr/>	<hr/>	<hr/>
Total revenues	70,000	70,000	139,320
EXPENDITURES			
Public safety			
Fire			
Supplies and services	70,000	148,770	148,770
	<hr/>	<hr/>	<hr/>
Total expenditures	70,000	148,770	148,770
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	\$ -	\$ (78,770)	(9,450)
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JANUARY 1			266,845
	<hr/>	<hr/>	<hr/>
FUND BALANCE, DECEMBER 31		\$ 257,395	
	<hr/>	<hr/>	

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RAND ROAD CORRIDOR TIF FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Incremental property taxes	\$ 3,434,000	\$ 3,434,000	\$ 3,758,591
Intergovernmental			
Grants	-	2,316	2,316
Investment income	1,500	1,500	10,979
Total revenues	3,435,500	3,437,816	3,771,886
EXPENDITURES			
Economic development			
Supplies and services	10,000	10,000	1,030
Project expenditures	550,000	1,104,219	1,004,219
Surplus distribution	2,250,000	2,250,000	1,500,000
Capital outlay			
Technology	-	2,316	2,316
Rights of way improvements	-	345,430	324,597
Debt service			
Principal retirement	1,380,000	1,380,000	1,380,000
Interest	188,695	188,695	188,693
Fiscal charges	1,500	1,500	1,225
Total expenditures	4,380,195	5,282,160	4,402,080
NET CHANGE IN FUND BALANCE	\$ (944,695)	\$ (1,844,344)	(630,194)
FUND BALANCE, JANUARY 1			6,191,186
FUND BALANCE, DECEMBER 31			\$ 5,560,992

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RAND/LAKE COOK TIF FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Incremental property taxes	\$ 1,600,000	\$ 1,600,000	\$ 1,080,252
Investment income	500	500	9,025
 Total revenues	 1,600,500	 1,600,500	 1,089,277
 EXPENDITURES			
Economic development			
Supplies and services	5,000	5,000	1,030
Surplus distribution	1,350,000	2,100,000	2,100,000
 Total expenditures	 1,355,000	 2,105,000	 2,101,030
 NET CHANGE IN FUND BALANCE	 \$ 245,500	 \$ (504,500)	 \$ (1,011,753)
 FUND BALANCE, JANUARY 1			 3,544,183
 FUND BALANCE, DECEMBER 31			 \$ 2,532,430

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE GRANT FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Grants	\$	\$ 202,221	<u>\$ 117,481</u>
Total revenues	-	202,221	<u>117,481</u>
EXPENDITURES			
Public safety			
Police			
Personnel	-	202,221	<u>117,481</u>
Total expenditures	-	202,221	<u>117,481</u>
NET CHANGE IN FUND BALANCE	<u>\$</u>	<u>-</u>	<u>\$</u>
FUND BALANCE, JANUARY 1			-
FUND BALANCE, DECEMBER 31			<u>\$</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 COMMUNITY DEVELOPMENT BLOCK GRANT-CV FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Grants	\$ -	\$ 133,445	\$ 133,445
Total revenues	-	133,445	133,445
EXPENDITURES			
Economic development			
Social service agencies	-	133,445	133,445
Total expenditures	-	133,445	133,445
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-
FUND BALANCE, JANUARY 1			-
FUND BALANCE, DECEMBER 31			\$ -

(See independent auditor's report.)

Nonmajor Debt Service Fund

General Obligation Bond Fund - to account for the repayment of general obligation debt issued for the acquisition of non-Enterprise Fund capital assets. Funding is provided for by property taxes.

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL OBLIGATION BOND FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property tax	\$ 1,284,156	\$ 1,284,156	\$ 1,426,101
Investment income	1,425	1,425	26,355
 Total revenues	 1,285,581	 1,285,581	 1,452,456
EXPENDITURES			
Debt service			
Principal retirement	500,000	500,000	500,000
Interest	784,156	784,156	784,156
Fiscal charges	1,425	1,425	1,425
 Total expenditures	 1,285,581	 1,285,581	 1,285,581
EXCESS OF REVENUES OVER EXPENDITURES			 166,875
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,769,480	1,769,480
 Total other financing sources (uses)	 -	 1,769,480	 1,769,480
NET CHANGE IN FUND BALANCE	 \$ -	 \$ 1,769,480	 1,936,355
FUND BALANCE, JANUARY 1			 130,744
FUND BALANCE, DECEMBER 31			 \$ 2,067,099

(See independent auditor's report.)

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Nonmajor Capital Projects Fund

Capital Improvement Fund - to account for the acquisition and construction of capital facilities and capital improvements other than those financed by other funds.

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Telecommunication	\$ 400,765	\$ 400,765	\$ 396,141
Electric utility use tax	1,250,000	1,250,000	1,250,000
Intergovernmental			
Park district reimbursement	-	-	60,000
Grants	-	-	-
Charges for services			
Improvement cost sharing programs	-	-	76,970
Investment income	7,500	7,500	(38,687)
 Total revenues	 1,658,265	 1,658,265	 1,744,424
 EXPENDITURES			
Capital outlay			
Buildings and facilities	197,000	61,556	61,556
Rights of way improvements	400,000	399,866	398,532
Street improvements	1,103,885	543,217	534,569
 Total expenditures	 1,700,885	 1,004,639	 994,657
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (42,620)	 653,626	 749,767
 OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	-	-	803
Transfers in	50,000	50,000	50,000
 Total other financing sources (uses)	 50,000	 50,000	 50,803
 NET CHANGE IN FUND BALANCE	 \$ 7,380	 \$ 703,626	 800,570
 FUND BALANCE, JANUARY 1			 4,589,057
 FUND BALANCE, DECEMBER 31			 \$ 5,389,627

(See independent auditor's report.)

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Nonmajor Enterprise Funds

Motor Vehicle Parking System Fund - to account for the provision of public parking services to Village and Non-Village residents.

Refuse Collection Fund - to account for the provision of refuse, recycling, and yard waste collection services provided by the Village.

VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS

December 31, 2022

	Motor Vehicle		
	Parking System	Refuse Collection	Total
CURRENT ASSETS			
Cash and investments	\$ 1,381,684	\$ 821,411	\$ 2,203,095
Receivables (net, where applicable, of allowances for uncollectibles)			
Accounts	-	52,467	52,467
Other	45,546	5,895	51,441
Accrued interest	307	-	307
Leases	183,804	-	183,804
 Total current assets	 1,611,341	 879,773	 2,491,114
 NONCURRENT ASSETS			
Capital assets			
Land	4,118,490	-	4,118,490
Buildings and improvements	15,681,480	-	15,681,480
Accumulated depreciation	(15,580,405)	-	(15,580,405)
 Total noncurrent assets	 4,219,565	 -	 4,219,565
 Total assets	 5,830,906	 879,773	 6,710,679
 CURRENT LIABILITIES			
Accounts payable	18,509	593,689	612,198
Accrued payroll	185	-	185
Deposits payable	-	85,479	85,479
Unearned revenues	-	143,420	143,420
 Total current liabilities	 18,694	 822,588	 841,282
 DEFERRED INFLOWS OF RESOURCES			
Lease items	176,457	-	176,457
 NET POSITION			
Net investment in capital assets	4,219,565	-	4,219,565
Unrestricted	1,416,190	57,185	1,473,375
 TOTAL NET POSITION	 \$ 5,635,755	 \$ 57,185	 \$ 5,692,940

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2022

	Motor Vehicle		
	Parking System	Refuse Collection	Total
OPERATING REVENUES			
Charges for services	\$ 331,785	\$ 4,715,125	\$ 5,046,910
Total operating revenues	331,785	4,715,125	5,046,910
OPERATING EXPENSES			
Costs of sales and services	469,827	4,561,219	5,031,046
Total operating expenses excluding depreciation	469,827	4,561,219	5,031,046
OPERATING INCOME (LOSS)			
BEFORE DEPRECIATION	(138,042)	153,906	15,864
DEPRECIATION	784,035	-	784,035
OPERATING INCOME (LOSS)	(922,077)	153,906	(768,171)
NONOPERATING REVENUES (EXPENSES)			
Investment income	19,820	10,305	30,125
Unrealized gain (loss) on investments	(18,713)	-	(18,713)
Total nonoperating revenues (expenses)	1,107	10,305	11,412
NET INCOME (LOSS) BEFORE TRANSFERS	(920,970)	164,211	(756,759)
Transfers (out)	-	(50,000)	(50,000)
CHANGE IN NET POSITION	(920,970)	114,211	(806,759)
NET POSITION, JANUARY 1	6,556,725	(57,026)	6,499,699
NET POSITION, DECEMBER 31	\$ 5,635,755	\$ 57,185	\$ 5,692,940

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2022

	Motor Vehicle			
	Parking System	Refuse Collection		Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 287,298	\$ 4,730,806	\$ 5,018,104	
Payments to suppliers	(306,815)	(4,406,508)	(4,713,323)	
Payments to employees	(324)	-	(324)	
Payments for interfund services transactions	(163,000)	(150,000)	(313,000)	
Net cash from operating activities	<u>(182,841)</u>	<u>174,298</u>	<u>(8,543)</u>	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers (out)	-	(50,000)	(50,000)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
None	-	-	-	
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>19,820</u>	<u>10,305</u>	<u>30,125</u>	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	(163,021)	134,603	(28,418)	
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>1,042,718</u>	<u>686,808</u>	<u>1,729,526</u>	
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 879,697</u>	<u>\$ 821,411</u>	<u>\$ 1,701,108</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (922,077)	\$ 153,906	\$ (768,171)	
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	784,035	-	784,035	
(Increase) decrease in				
Accounts receivables	-	(52,467)	(52,467)	
Other receivables	(38,201)	(5,895)	(44,096)	
Leases	6,470	-	6,470	
Increase (decrease) in				
Accounts payable	(497)	4,711	4,214	
Accrued payroll	185	-	185	
Deposits payable	-	67,473	67,473	
Unearned revenue	-	6,570	6,570	
Deferred inflows related to leases	(12,756)	-	(12,756)	
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (182,841)</u>	<u>\$ 174,298</u>	<u>\$ (8,543)</u>	
CASH AND INVESTMENTS				
Cash and cash equivalents	\$ 879,697	\$ 821,411	\$ 1,701,108	
Investments	501,987	-	501,987	
	<u>\$ 1,381,684</u>	<u>\$ 821,411</u>	<u>\$ 2,203,095</u>	
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES				
Unrealized gain (loss) on investments	\$ (18,713)	\$ -	\$ (18,713)	

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
MOTOR VEHICLE PARKING SYSTEM FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Parking fees	\$ 265,880	\$ 265,880	\$ 331,785
Total operating revenues	265,880	265,880	331,785
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Costs of sales and services	420,500	459,530	306,827
Administrative fees - General Fund	163,000	163,000	163,000
Total operating expenses excluding depreciation	583,500	622,530	469,827
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(317,620)	(356,650)	(138,042)
DEPRECIATION	-	-	784,035
OPERATING INCOME (LOSS)	(317,620)	(356,650)	(922,077)
NONOPERATING REVENUES (EXPENSES)			
Investment income	1,000	1,000	19,820
Unrealized gain (loss) on investments	-	-	(18,713)
Total nonoperating revenues (expenses)	1,000	1,000	1,107
CHANGE IN NET POSITION	\$ (316,620)	\$ (355,650)	(920,970)
NET POSITION, JANUARY 1			6,556,725
NET POSITION, DECEMBER 31			\$ 5,635,755

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
MOTOR VEHICLE PARKING SYSTEM FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
OPERATING EXPENSES			
Costs of sales and services			
Finance and operations			
Supplies and services	\$ 61,400	\$ 61,400	\$ 8,593
Public works			
Personnel	4,685	4,685	509
Supplies and services	314,415	346,745	260,999
Capital projects			
Buildings and facilities	40,000	46,700	36,726
Total costs of sales and services	420,500	459,530	306,827
Administrative fees - General Fund	<u>163,000</u>	<u>163,000</u>	<u>163,000</u>
TOTAL OPERATING EXPENSES	\$ 583,500	\$ 622,530	\$ 469,827

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION - BUDGET AND ACTUAL
 REFUSE COLLECTION FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Refuse billing	\$ 4,746,890	\$ 4,746,890	\$ 4,715,125
 Total operating revenues	 4,746,890	 4,746,890	 4,715,125
OPERATING EXPENSES			
Refuse collection	4,539,215	4,539,215	4,411,219
Administrative fees - General Fund	150,000	150,000	150,000
 Total operating expenses	 4,689,215	 4,689,215	 4,561,219
OPERATING INCOME	57,675	57,675	153,906
NONOPERATING REVENUES (EXPENSES)			
Investment income	500	500	10,305
NET INCOME BEFORE TRANSFERS	58,175	58,175	164,211
Transfers (out)	(50,000)	(50,000)	(50,000)
CHANGE IN NET POSITION	\$ 8,175	\$ 8,175	114,211
NET POSITION, JANUARY 1			<u>(57,026)</u>
NET POSITION, DECEMBER 31			<u>\$ 57,185</u>

(See independent auditor's report.)

Internal Service Funds

Fleet Services Fund - to account for the provision of fleet maintenance services to the various departments of the Village and certain external governmental agencies. Financing is provided through a vehicle maintenance fee charged to all user departments and external agencies.

Casualty and Liability Insurance Fund - to account for the Village's self-administered casualty and liability insurance program. Financing is provided through an insurance fee charged to various departments.

VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

December 31, 2022

	Fleet Services	Casualty and Liability Insurance	Total
CURRENT ASSETS			
Cash and investments	\$ 671,369	\$ 5,572,903	\$ 6,244,272
Receivables			
Other	14,991	-	14,991
Accrued interest	-	4,459	4,459
Inventories	233,459	-	233,459
Total current assets	919,819	5,577,362	6,497,181
NONCURRENT ASSETS			
Net pension asset	638,358	-	638,358
Total assets	1,558,177	5,577,362	7,135,539
DEFERRED OUTFLOWS OF RESOURCES			
Pension items	64,610	-	64,610
OPEB items	9,524	-	9,524
Total deferred outflows of resources	74,134	-	74,134
CURRENT LIABILITIES			
Accounts payable	126,614	6,194	132,808
Accrued payroll	10,457	-	10,457
Claims payable	-	210,375	210,375
Compensated absences payable	6,240	-	6,240
Total OPEB liability	2,488	-	2,488
Total current liabilities	145,799	216,569	362,368
LONG-TERM LIABILITIES			
Claims payable	-	804,995	804,995
Compensated absences payable	24,950	-	24,950
Total OPEB liability	49,292	-	49,292
Total long-term liabilities	74,242	804,995	879,237
Total liabilities	220,041	1,021,564	1,241,605
DEFERRED INFLOWS OF RESOURCES			
Pension items	667,338	-	667,338
OPEB items	34,938	-	34,938
Total deferred inflows of resources	702,276	-	702,276
NET POSITION			
Unrestricted	709,994	4,555,798	5,265,792
TOTAL NET POSITION	\$ 709,994	\$ 4,555,798	\$ 5,265,792

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2022

	Fleet Services	Casualty and Liability Insurance	Total
OPERATING REVENUES			
Charges for services	\$ 1,660,211	\$ 1,681,400	\$ 3,341,611
Miscellaneous	51,410	62,684	114,094
 Total operating revenues	 1,711,621	 1,744,084	 3,455,705
OPERATING EXPENSES			
Costs of sales and services	1,783,868	1,830,625	3,614,493
 Total operating expenses	 1,783,868	 1,830,625	 3,614,493
OPERATING INCOME (LOSS)	(72,247)	(86,541)	(158,788)
NONOPERATING REVENUES (EXPENSES)			
Investment income	12,457	27,535	39,992
Unrealized gain (loss) on investments	-	(186,042)	(186,042)
 Total nonoperating revenues (expenses)	 12,457	 (158,507)	 (146,050)
CHANGE IN NET POSITION	(59,790)	(245,048)	(304,838)
NET POSITION, JANUARY 1	776,144	4,800,846	5,576,990
RESTATEMENT (See Notes to Financial Statements 16)	(6,360)	-	(6,360)
NET POSITION, JANUARY 1, AS RESTATED	769,784	4,800,846	5,570,630
 NET POSITION, DECEMBER 31	 \$ 709,994	 \$ 4,555,798	 \$ 5,265,792

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2022

	Fleet Services	Health Insurance	Casualty and Liability Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 268,268	\$ -	\$ 79,872	\$ 348,140
Receipts from interfund services transactions	1,456,155	-	1,681,400	3,137,555
Payments to suppliers	(1,198,994)	(687,935)	(1,934,041)	(3,820,970)
Payments to employees	(712,346)	-	-	(712,346)
Net cash from operating activities	(186,917)	(687,935)	(172,769)	(1,047,621)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
None	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
None	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	-	-	(938,668)	(938,668)
Interest received	12,457	-	25,636	38,093
Net cash from investing activities	12,457	-	(913,032)	(900,575)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(174,460)	(687,935)	(1,085,801)	(1,948,196)
CASH AND CASH EQUIVALENTS, JANUARY 1	845,829	687,935	1,566,912	3,100,676
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 671,369	\$ -	\$ 481,111	\$ 1,152,480
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (72,247)	\$ -	\$ (86,541)	\$ (158,788)
Adjustments to reconcile operating income (loss) to net cash from operating activities				
(Increase) decrease in				
Other receivables	12,802	-	17,188	29,990
Inventories	(28,279)	-	-	(28,279)
Net pension asset	(439,880)	-	-	(439,880)
Deferred outflows related to pensions	6,517	-	-	6,517
Deferred outflows related to OPEB	(2,631)	-	-	(2,631)
Increase (decrease) in				
Accounts payable	57,245	(687,935)	6,194	(624,496)
Accrued payroll	(1,458)	-	-	(1,458)
Claims payable	-	-	(109,610)	(109,610)
Compensated absences payable	(10,270)	-	-	(10,270)
Net OPEB liability	7,122	-	-	7,122
Deferred inflows related to pensions	259,421	-	-	259,421
Deferred inflows related to OPEB	24,741	-	-	24,741
NET CASH FROM OPERATING ACTIVITIES	\$ (186,917)	\$ (687,935)	\$ (172,769)	\$ (1,047,621)
CASH AND INVESTMENTS				
Cash and cash equivalents	\$ 671,369	\$ -	\$ 481,111	\$ 1,152,480
Investments	-	-	5,091,792	5,091,792
	\$ 671,369	\$ -	\$ 5,572,903	\$ 6,244,272
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES				
Unrealized gain (loss) on investments	\$ -	\$ -	\$ (186,042)	\$ (186,042)

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION - BUDGET AND ACTUAL
 FLEET SERVICES FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Vehicle maintenance	\$ 1,616,155	\$ 1,616,155	\$ 1,660,211
Miscellaneous			
Recoveries and refunds	15,000	15,000	50,878
Other	-	-	532
	<hr/>	<hr/>	<hr/>
Total operating revenues	1,631,155	1,631,155	1,711,621
OPERATING EXPENSES			
Costs of sales and services			
Public works			
Personnel	687,215	684,110	555,908
Supplies and services	992,815	1,379,149	1,227,960
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Total operating expenses	1,680,030	2,063,259	1,783,868
OPERATING INCOME (LOSS)	(48,875)	(432,104)	(72,247)
NONOPERATING REVENUES (EXPENSES)			
Investment income	1,000	1,000	12,457
	<hr/>	<hr/>	<hr/>
CHANGE IN NET POSITION	\$ (47,875)	\$ (431,104)	\$ (59,790)
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NET POSITION, JANUARY 1			776,144
RESTATEMENT (See Notes to Financial Statements 16)			(6,360)
NET POSITION, AS RESTATED, JANUARY 1			769,784
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NET POSITION, DECEMBER 31			\$ 709,994
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(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION - BUDGET AND ACTUAL
 CASUALTY AND LIABILITY INSURANCE FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Insurance fees and premiums	\$ 1,681,400	\$ 1,681,400	\$ 1,681,400
Miscellaneous			
Reimbursements		-	62,684
 Total operating revenues	 1,681,400	 1,681,400	 1,744,084
OPERATING EXPENSES			
Costs of sales and services			
Administration	1,225,000	1,225,709	1,097,780
Insurance claims	905,000	904,291	732,845
 Total operating expenses	 2,130,000	 2,130,000	 1,830,625
 OPERATING INCOME (LOSS)	 (448,600)	 (448,600)	 (86,541)
NONOPERATING REVENUES (EXPENSES)			
Investment income	15,000	15,000	27,535
Unrealized gain (loss) on investments	-	-	(186,042)
 Total nonoperating revenues (expenses)	 15,000	 15,000	 (158,507)
 CHANGE IN NET POSITION	 \$ (433,600)	 \$ (433,600)	 \$ (245,048)
 NET POSITION, JANUARY 1			 4,800,846
 NET POSITION, DECEMBER 31			 \$ 4,555,798

(See independent auditor's report.)

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Fiduciary Funds

Pension Trust Funds

Police Pension Fund - to account for the accumulation of resources for pension benefits for qualified sworn police personnel. Financing is provided by employee contributions and an actuarially determined employer contribution.

Firefighters' Pension Fund - to account for the accumulation of resources for pension benefits for qualified sworn fire personnel. Financing is provided by employee contributions and an actuarially determined employer contribution.

VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF NET POSITION
PENSION TRUST FUNDS

December 31, 2022

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and cash equivalents	\$ 4,240,297	\$ 2,509,025	\$ 6,749,322
Investments, at fair value			
Investments held in the			
Illinois Police Officers' Pension			
Investment Fund	95,463,028	-	95,463,028
Illinois Firefighters' Pension			
Investment Fund	-	85,802,957	85,802,957
Receivables			
Other	15,429	5,167	20,596
Due from general fund	1,122,312	1,149,125	2,271,437
 Total assets	 100,841,066	 89,466,274	 190,307,340
 LIABILITIES			
Benefits payable	-	72,763	72,763
 Total liabilities	 -	 72,763	 72,763
 NET POSITION			
Restricted for pensions	\$ 100,841,066	\$ 89,393,511	\$ 190,234,577

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUNDS

For the Year Ended December 31, 2022

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 6,221,185	\$ 8,343,615	\$ 14,564,800
Employee	1,169,070	987,270	2,156,340
Other	266,525	70,300	336,825
Total contributions	7,656,780	9,401,185	17,057,965
Investment earnings			
Net increase (decrease) in the fair value of investments	(17,700,144)	(15,990,847)	(33,690,991)
Interest	1,214,887	797,386	2,012,273
Total investment earnings	(16,485,257)	(15,193,461)	(31,678,718)
Less investment expense	(227,270)	(111,965)	(339,235)
Net investment earnings	(16,712,527)	(15,305,426)	(32,017,953)
Total additions	(9,055,747)	(5,904,241)	(14,959,988)
DEDUCTIONS			
Administration	17,500	20,469	37,969
Benefits and refunds			
Retirement benefits	7,119,591	7,090,392	14,209,983
Refunds of contributions	143,695	-	143,695
Total deductions	7,280,786	7,110,861	14,391,647
CHANGE IN NET POSITION	(16,336,533)	(13,015,102)	(29,351,635)
NET POSITION			
January 1	117,177,599	102,408,613	219,586,212
December 31	\$ 100,841,066	\$ 89,393,511	\$ 190,234,577

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF CHANGES IN NET POSITION -
BUDGET AND ACTUAL
POLICE PENSION FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
ADDITIONS			
Contributions			
Employer	\$ 5,590,000	\$ 5,690,835	\$ 6,221,185
Employee	1,199,530	1,199,530	1,169,070
Other	-	-	266,525
 Total contributions	 6,789,530	 6,890,365	 7,656,780
Investment earnings			
Net increase (decrease) in the fair value of investments	250,000	250,000	(17,700,144)
Interest	750,000	750,000	1,214,887
 Total investment earnings	 1,000,000	 1,000,000	 (16,485,257)
Less investment expense	(300,000)	(256,300)	(227,270)
 Net investment earnings	 700,000	 743,700	 (16,712,527)
 Total additions	 7,489,530	 7,634,065	 (9,055,747)
DEDUCTIONS			
Administration	51,000	51,000	17,500
Benefits and refunds			
Retirement benefits	7,135,000	7,135,000	7,119,591
Refunds of contributions	100,000	143,700	143,695
 Total deductions	 7,286,000	 7,329,700	 7,280,786
 CHANGE IN NET POSITION	 \$ 203,530	 \$ 304,365	 (16,336,533)
NET POSITION			
January 1			<u>117,177,599</u>
December 31			<u>\$ 100,841,066</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF CHANGES IN NET POSITION -
BUDGET AND ACTUAL
FIREFIGHTERS' PENSION FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
ADDITIONS			
Contributions			
Employer	\$ 5,715,000	\$ 5,812,935	\$ 8,343,615
Employee	1,009,485	1,009,485	987,270
Other	-	-	70,300
 Total contributions	 6,724,485	 6,822,420	 9,401,185
Investment earnings			
Net increase (decrease) in the fair value of investments	250,000	250,000	(15,990,847)
Interest	750,000	750,000	797,386
 Total investment earnings	 1,000,000	 1,000,000	 (15,193,461)
Less investment expense	(100,000)	(100,000)	(111,965)
 Net investment earnings	 900,000	 900,000	 (15,305,426)
 Total additions	 7,624,485	 7,722,420	 (5,904,241)
DEDUCTIONS			
Administration	33,500	33,500	20,469
Benefits and refunds			
Retirement benefits	7,175,000	7,175,000	7,090,392
Refunds of contributions	100,000	100,000	-
 Total deductions	 7,308,500	 7,308,500	 7,110,861
 CHANGE IN NET POSITION	 \$ 315,985	 \$ 413,920	 (13,015,102)
NET POSITION			
January 1			<u>102,408,613</u>
 December 31	 \$ 89,393,511		

(See independent auditor's report.)

Supplementary Information

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VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
TAXES			
Property tax			
Police protection	\$ 3,417,839	\$ 3,417,839	\$ 3,356,455
Fire protection	3,417,839	3,417,839	3,357,889
FICA	2,652,000	2,652,000	2,692,920
IMRF	1,100,000	1,100,000	1,049,637
Police pension	5,500,000	5,500,000	5,530,353
Fire pension	5,625,000	5,625,000	5,655,684
Home rule sales tax	4,400,000	4,400,000	6,457,178
Food and beverage tax	1,200,000	1,200,000	1,585,020
Motel occupancy tax	50,000	50,000	100,356
Electric utility use tax	950,000	950,000	914,566
 Total taxes	 28,312,678	 28,312,678	 30,700,058
LICENSES AND PERMITS			
Professional and occupational	220,000	220,000	234,333
Liquor licenses	325,000	325,000	364,624
Rental dwelling licenses	446,700	446,700	462,276
Building permits and fees	1,054,000	1,054,000	1,615,677
Vehicle licenses	1,300,000	1,300,000	199,851
Other licenses and permits	215,000	215,000	261,164
 Total licenses and permits	 3,560,700	 3,560,700	 3,137,925
INTERGOVERNMENTAL			
State sales tax	9,200,000	9,200,000	11,764,886
State income tax	8,010,000	8,010,000	11,065,424
Local use tax	2,880,000	2,880,000	2,699,573
Township road and bridge tax	715,000	715,000	666,762
Fire protection district reimbursement	720,510	720,510	720,515
Police consultant - schools	1,020,880	1,020,880	1,020,880
TIF Rebate	-	423,290	423,278
State highway maintenance	187,680	187,680	190,542
Personal property replacement tax	191,100	191,100	430,736
Grants	30,000	30,000	35,723
Other intergovernmental	341,170	341,170	388,685
 Total intergovernmental	 23,296,340	 23,719,630	 29,407,004

(This schedule is continued on the following page.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
CHARGES FOR SERVICES			
Cable TV franchise fees	\$ 1,002,200	\$ 1,002,200	\$ 1,010,688
Plan review fees	400,000	400,000	611,438
Inspection fees	275,000	275,000	285,235
Special police service	151,900	151,900	218,050
Special fire service	70,300	70,300	84,029
Ambulance fees	2,790,300	3,863,800	5,149,117
Streetfest revenue	185,000	185,000	140,615
Rental income	122,655	122,655	144,603
Other charges for services	55,500	55,500	81,955
Total charges for services	5,052,855	6,126,355	7,725,730
FINES AND FORFEITS			
Circuit court fines	213,200	213,200	270,882
Traffic fines	1,941,900	1,941,900	903,945
Adjudication and other fines	17,000	17,000	23,639
Total fines and forfeits	2,172,100	2,172,100	1,198,466
INVESTMENT INCOME	101,400	101,400	(55,988)
MISCELLANEOUS			
Recoveries and refunds	50,000	50,000	66,615
Reimbursements	365,000	391,490	434,059
Donations	-	500	1,600
Other	5,000	5,515	4,669
Total miscellaneous	420,000	447,505	506,943
TOTAL REVENUES	\$ 62,916,073	\$ 64,440,368	\$ 72,620,138

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT			
Mayor and council			
Personnel	\$ 275,620	\$ 275,620	\$ 260,754
Supplies and services	42,065	42,065	37,624
Boards and commissions			
Supplies and services	54,895	70,011	67,903
Village clerk			
Personnel	142,930	142,930	116,990
Supplies and services	15,200	15,200	5,603
Village manager			
Personnel	774,565	808,185	771,375
Supplies and services	293,770	293,196	243,551
Finance and operations			
Personnel	676,805	832,507	610,219
Supplies and services	277,320	297,320	178,298
Legal			
Personnel	103,670	103,670	80,076
Supplies and services	415,100	425,524	383,698
Human resources			
Personnel	996,400	475,242	630,395
Supplies and services	75,795	106,528	83,602
Information technology			
Personnel	906,140	916,065	904,046
Supplies and services	581,774	616,403	564,764
Liability insurance			
Supplies and services	1,551,400	1,551,400	1,551,400
Less administrative fees			
CDBG Fund	(96,988)	(96,988)	(96,988)
Waterworks fund	(603,000)	(603,000)	(603,000)
Sewerage fund	(540,000)	(540,000)	(540,000)
Refuse fund	(150,000)	(150,000)	(150,000)
Motor Vehicle Parking System fund	(163,000)	(163,000)	(163,000)
Total general government	5,630,461	5,418,878	4,937,310

(This schedule is continued on the following page.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
PUBLIC SAFETY			
Community development			
Personnel	\$ 2,726,625	\$ 2,776,435	\$ 2,448,977
Supplies and services	337,373	328,452	233,229
Police			
Personnel	23,989,490	24,652,400	24,188,364
Supplies and services	1,555,345	1,601,880	1,377,673
Fire			
Personnel	20,620,305	23,311,164	22,836,560
Supplies and services	1,316,880	2,381,429	2,362,572
Total public safety	50,546,018	55,051,760	53,447,375
PUBLIC WORKS			
Public works			
Personnel	4,617,630	4,635,510	4,355,815
Supplies and services	2,293,075	2,515,937	2,445,673
Total public works	6,910,705	7,151,447	6,801,488
TOTAL EXPENDITURES	\$ 63,087,184	\$ 67,622,085	\$ 65,186,173

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL EQUIPMENT ACQUISITION FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Telecommunication	\$ 348,335	\$ 348,335	\$ 344,140
Intergovernmental			
Video gaming tax	-	-	34,087
Charges for services			
Rental income	362,860	362,860	391,048
Investment income	7,500	7,500	102,615
Miscellaneous			
Reimbursements	-	55,227	45
 Total revenues	 718,695	 773,922	 871,935
 EXPENDITURES			
Capital outlay			
Technology	324,700	281,451	239,908
Vehicles and equipment	1,041,930	1,746,760	1,745,345
 Total expenditures	 1,366,630	 2,028,211	 1,985,253
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (647,935)	 (1,254,289)	 (1,113,318)
 OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	50,000	55,623	74,916
Transfers in	620,000	620,000	620,000
 Total other financing sources (uses)	 670,000	 675,623	 694,916
 NET CHANGE IN FUND BALANCE	 \$ 22,065	 \$ (578,666)	 \$ (418,402)
 FUND BALANCE, JANUARY 1			 7,545,385
 FUND BALANCE, DECEMBER 31			 \$ 7,126,983

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
WATERWORKS FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services	\$ 12,628,000	\$ 12,735,930	\$ 12,410,792
Miscellaneous	35,000	35,000	153,964
Total operating revenues	12,663,000	12,770,930	12,564,756
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Costs of sales and services	6,723,720	7,103,509	6,119,854
Administrative fees - General Fund	603,000	603,000	603,000
Total operating expenses excluding depreciation	7,326,720	7,706,509	6,722,854
OPERATING INCOME BEFORE DEPRECIATION	5,336,280	5,064,421	5,841,902
DEPRECIATION	-	-	964,620
OPERATING INCOME	5,336,280	5,064,421	4,877,282
NONOPERATING REVENUES (EXPENSES)			
Investment income	15,000	15,000	63,194
Unrealized gain (loss) on investments	-	-	(279,608)
Insurance recovery	-	-	3,436
Interest and fiscal charges	(117,680)	(117,680)	(32,310)
Loss on disposal of capital assets	-	-	(26,649)
Joint venture	-	-	636,270
Total nonoperating revenues (expenses)	(102,680)	(102,680)	364,333
NET INCOME BEFORE TRANSFERS	5,233,600	4,961,741	5,241,615
Transfers (out)	(310,000)	(310,000)	(310,000)
CHANGE IN NET POSITION	\$ 4,923,600	\$ 4,651,741	4,931,615
NET POSITION, JANUARY 1			43,435,604
RESTATEMENT (See Notes to Financial Statements 16)			(23,380)
NET POSITION, JANUARY 1, AS RESTATED			43,412,224
NET POSITION, DECEMBER 31			\$ 48,343,839

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING REVENUES - BUDGET AND ACTUAL
WATERWORKS FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Water use fees			
Resident	\$ 10,029,000	\$ 10,124,170	\$ 9,670,738
Nonresident	1,812,000	1,824,760	1,787,805
Water penalties			
Resident	65,000	65,000	80,417
Nonresident	10,000	10,000	8,460
User charge			
Resident	595,000	595,000	628,257
Nonresident	37,000	37,000	39,067
System development surcharge	15,000	15,000	-
Water extension fee	20,000	20,000	-
Water connection fees	10,000	10,000	6,000
Water meter sales	15,000	15,000	176,721
Water turn-on/service fees	20,000	20,000	13,327
Total charges for services	12,628,000	12,735,930	12,410,792
Miscellaneous - reimbursements	35,000	35,000	153,964
TOTAL OPERATING REVENUES	\$ 12,663,000	\$ 12,770,930	\$ 12,564,756

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
WATERWORKS FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
OPERATING EXPENSES			
Costs of sales and services			
Finance and operations			
Personnel	\$ 564,640	\$ 562,085	\$ 370,141
Supplies and services	285,020	285,020	253,356
Liability insurance			
Supplies and services	65,000	65,000	65,000
Public works			
Personnel	1,365,560	1,368,115	1,145,272
Supplies and services	928,755	992,185	867,169
Water purchase			
Northwest Water Commission	3,017,460	3,112,630	2,705,446
Capital projects			
Technology	325,000	19,519	19,518
Buildings and facilities	-	14,389	14,389
Water system	5,481,495	5,993,776	5,988,773
Less: Nonoperating			
Capital assets capitalized	(5,309,210)	(5,309,210)	(5,309,210)
Total costs of sales and services	6,723,720	7,103,509	6,119,854
Administrative fees - General Fund	603,000	603,000	603,000
TOTAL OPERATING EXPENSES	\$ 7,326,720	\$ 7,706,509	\$ 6,722,854

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
SEWERAGE FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services	\$ 4,361,590	\$ 4,361,590	\$ 4,483,549
Miscellaneous	250	250	-
Total operating revenues	4,361,840	4,361,840	4,483,549
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Costs of sales and services	2,016,268	1,776,095	1,571,005
Administrative fees - General Fund	540,000	540,000	540,000
Total operating expenses excluding depreciation	2,556,268	2,316,095	2,111,005
OPERATING INCOME BEFORE DEPRECIATION	1,805,572	2,045,745	2,372,544
DEPRECIATION	-	-	1,233,305
OPERATING INCOME	1,805,572	2,045,745	1,139,239
NONOPERATING REVENUES (EXPENSES)			
Investment income	5,000	5,000	57,774
Unrealized gain (loss) on investments	-	-	(128,349)
Interest and fiscal charges	(113,085)	(113,085)	(142,738)
Total nonoperating revenues (expenses)	(108,085)	(108,085)	(213,313)
NET INCOME BEFORE TRANSFERS	1,697,487	1,937,660	925,926
Transfers (out)	(310,000)	(310,000)	(310,000)
CHANGE IN NET POSITION	\$ 1,387,487	\$ 1,627,660	615,926
NET POSITION, JANUARY 1			23,931,653
RESTATEMENT (See Notes to Financial Statements 16)			(3,340)
NET POSITION, JANUARY 1, AS RESTATED			23,928,313
NET POSITION, DECEMBER 31			\$ 24,544,239

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING REVENUES - BUDGET AND ACTUAL
SEWERAGE FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Sewer use fees			
Resident	\$ 2,698,860	\$ 2,698,860	\$ 2,797,142
Nonresident	502,930	502,930	502,221
Sewer penalties			
Resident	25,000	25,000	31,132
Nonresident	2,000	2,000	2,643
Sewer connection fees	6,000	6,000	4,497
Surcharges			
Fair Meadows	1,800	1,800	2,354
Flood control	1,125,000	1,125,000	1,131,560
50/50 sewer extension	-	-	12,000
Total charges for services	4,361,590	4,361,590	4,483,549
Miscellaneous - reimbursements	250	250	-
TOTAL OPERATING REVENUES	\$ 4,361,840	\$ 4,361,840	\$ 4,483,549

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
SEWERAGE FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual
OPERATING EXPENSES			
Costs of sales and services			
Liability insurance			
Supplies and services	\$ 65,000	\$ 65,000	\$ 65,000
Public works			
Personnel	834,700	834,700	645,528
Supplies and services	231,568	235,581	223,460
Capital projects			
Flood control	685,000	473,508	469,711
Sanitary sewer	200,000	167,306	167,306
 Total costs of sales and services	 2,016,268	 1,776,095	 1,571,005
Administrative fees - General Fund	540,000	540,000	540,000
 TOTAL OPERATING EXPENSES	 \$ 2,556,268	 \$ 2,316,095	 \$ 2,111,005

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION REFUNDING BOND TAXABLE SERIES OF 2014B
December 31, 2022

Date of Issue December 9, 2014
Date of Maturity December 1, 2025
Amount Issued \$7,265,000
Denomination of Bond \$5,000
Interest Rate 2.0% - 3.3%
Interest Dates June 1 and December 1
Principal Maturity Date December 1
Paying Agent Wells Fargo

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax				Interest Due On			
Levy	Tax Levy			Jun 1	Amount	Dec 1	Amount
Year	Principal	Interest	Totals				
2022	\$ 735,000	\$ 71,870	\$ 806,870	2023	\$ 35,935	2023	\$ 35,935
2023	760,000	49,820	809,820	2024	24,910	2024	24,910
2024	790,000	26,070	816,070	2025	13,035	2025	13,035
	<u>\$ 2,285,000</u>	<u>\$ 147,760</u>	<u>\$ 2,432,760</u>		<u>\$ 73,880</u>		<u>\$ 73,880</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
 GENERAL OBLIGATION BOND SERIES OF 2015
 December 31, 2022

Date of Issue	December 2, 2015
Date of Maturity	December 1, 2025
Amount Issued	\$7,165,000
Denomination of Bond	\$5,000
Interest Rate	2.0% - 3.0%
Interest Dates	June 1 and December 1
Principal Maturity Date	June 1 and December 1
Paying Agent	Wells Fargo

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax				Interest Due On			
Levy	Tax Levy			Jun 1	Amount	Dec 1	Amount
Year	Principal	Interest	Totals				
2022	\$ 785,000	\$ 114,000	\$ 899,000	2023	\$ 61,875	2023	\$ 52,125
2023	820,000	74,375	894,375	2024	42,250	2024	32,125
2024	870,000	32,750	902,750	2025	21,750	2025	11,000
	<u>\$ 2,475,000</u>	<u>\$ 221,125</u>	<u>\$ 2,696,125</u>		<u>\$ 125,875</u>		<u>\$ 95,250</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION REFUNDING BOND SERIES OF 2017B
December 31, 2022

Date of Issue June 19, 2017
Date of Maturity December 1, 2025
Amount Issued \$1,465,000
Denomination of Bond \$5,000
Interest Rate 3.0%
Interest Dates June 1 and December 1
Principal Maturity Date December 1
Paying Agent Amalgamated Bank

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax				Interest Due On			
Levy	Tax Levy			Jun 1	Amount	Dec 1	Amount
Year	Principal	Interest	Totals				
2022	\$ 490,000	\$ 43,950	\$ 533,950	2023	\$ 21,975	2023	\$ 21,975
2023	490,000	29,250	519,250	2024	14,625	2024	14,625
2024	485,000	14,550	499,550	2025	7,275	2025	7,275
	<u>\$ 1,465,000</u>	<u>\$ 87,750</u>	<u>\$ 1,552,750</u>		<u>\$ 43,875</u>		<u>\$ 43,875</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
 GENERAL OBLIGATION REFUNDING BOND TAXABLE SERIES OF 2017D
 December 31, 2022

Date of Issue	June 19, 2017
Date of Maturity	December 1, 2026
Amount Issued	\$6,060,000
Denomination of Bond	\$5,000
Interest Rate	2.0% - 3.0%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Amalgamated Bank

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax				Interest Due On			
Levy	Tax Levy			Jun 1	Amount	Dec 1	Amount
Year	Principal	Interest	Totals				
2022	\$ 690,000	\$ 79,810	\$ 769,810	2023	\$ 39,905	2023	\$ 39,905
2023	710,000	62,560	772,560	2024	31,280	2024	31,280
2024	725,000	44,100	769,100	2025	22,050	2025	22,050
2025	745,000	22,350	767,350	2026	11,175	2026	11,175
	<u>\$ 2,870,000</u>	<u>\$ 208,820</u>	<u>\$ 3,078,820</u>		<u>\$ 104,410</u>		<u>\$ 104,410</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
 GENERAL OBLIGATION REFUNDING BOND SERIES OF 2018
 December 31, 2022

Date of Issue	September 5, 2018
Date of Maturity	December 1, 2029
Amount Issued	\$6,235,000
Denomination of Bond	\$5,000
Interest Rate	5.0%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Amalgamated Bank

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax				Interest Due On			
Levy	Tax Levy			Jun 1	Amount	Dec 1	Amount
Year	Principal	Interest	Totals				
2022	\$ 530,000	\$ 224,000	\$ 754,000	2023	\$ 112,000	2023	\$ 112,000
2023	560,000	197,500	757,500	2024	98,750	2024	98,750
2024	600,000	169,500	769,500	2025	84,750	2025	84,750
2025	640,000	139,500	779,500	2026	69,750	2026	69,750
2026	670,000	107,500	777,500	2027	53,750	2027	53,750
2027	725,000	74,000	799,000	2028	37,000	2028	37,000
2028	755,000	37,750	792,750	2029	18,875	2029	18,875
	<u>\$ 4,480,000</u>	<u>\$ 949,750</u>	<u>\$ 5,429,750</u>		<u>\$ 474,875</u>		<u>\$ 474,875</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
 GENERAL OBLIGATION REFUNDING BOND SERIES OF 2020
 December 31, 2022

Date of Issue December 1, 2020
 Date of Maturity December 1, 2034
 Amount Issued \$18,335,000
 Denomination of Bond \$5,000
 Interest Rate 2.0% - 5.0%
 Interest Dates June 1 and December 1
 Principal Maturity Date December 1
 Paying Agent Amalgamated Bank

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax				Interest Due On			
Levy	Tax Levy			Jun 1	Amount	Dec 1	Amount
Year	Principal	Interest	Totals				
2022	\$ -	\$ 491,206	\$ 491,206	2023	\$ 245,603	2023	\$ 245,603
2023	705,000	491,206	1,196,206	2024	245,603	2024	245,603
2024	725,000	455,956	1,180,956	2025	227,978	2025	227,978
2025	1,275,000	419,706	1,694,706	2026	209,853	2026	209,853
2026	1,345,000	355,956	1,700,956	2027	177,978	2027	177,978
2027	1,375,000	288,706	1,663,706	2028	144,353	2028	144,353
2028	1,415,000	261,206	1,676,206	2029	130,603	2029	130,603
2029	2,190,000	232,906	2,422,906	2030	116,453	2030	116,453
2030	2,245,000	189,106	2,434,106	2031	94,553	2031	94,553
2031	2,300,000	144,206	2,444,206	2032	72,103	2032	72,103
2032	2,355,000	98,206	2,453,206	2033	49,103	2033	49,103
2033	2,405,000	51,106	2,456,106	2034	25,553	2034	25,553
	<u>\$ 18,335,000</u>	<u>\$ 3,479,472</u>	<u>\$ 21,814,472</u>		<u>\$ 1,739,736</u>		<u>\$ 1,739,736</u>

(See independent auditor's report.)

STATISTICAL SECTION

Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have been changed over time.	143 - 152
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	153 - 157
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 debt in the future.	158 - 161
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.	162 - 163
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.	164 - 165

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

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VILLAGE OF PALATINE, ILLINOIS

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Fiscal Year	2013	2014	2015*	2016
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 140,609,666	\$ 144,374,387	\$ 157,741,380	\$ 164,820,305
Restricted	3,600,787	2,236,148	1,838,578	1,750,986
Unrestricted	30,819,755	35,764,493	(51,107,972)	(61,926,571)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 175,030,208	\$ 182,375,028	\$ 108,471,986	\$ 104,644,720
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 38,430,520	\$ 38,870,993	\$ 32,408,120	\$ 32,913,880
Unrestricted	20,628,900	20,657,402	24,957,201	22,065,439
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 59,059,420	\$ 59,528,395	\$ 57,365,321	\$ 54,979,319
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 183,245,380	\$ 183,245,380	\$ 190,149,500	\$ 197,734,185
Restricted	2,236,148	2,236,148	1,838,578	1,750,986
Unrestricted	56,421,895	56,421,895	(26,150,771)	(39,861,132)
TOTAL PRIMARY GOVERNMENT	\$ 241,903,423	\$ 241,903,423	\$ 165,837,307	\$ 159,624,039

* Implementation of GASB Statement 68

** Implementation of GASB Statement 75

Data Source

Audited Financial Statements

2017	2018**	2019	2020	2021	2022
\$ 166,189,158	\$ 168,673,918	\$ 173,519,488	\$ 176,417,781	\$ 177,240,431	\$ 179,772,791
1,748,002	3,925,818	6,659,575	9,405,544	16,868,616	24,171,058
(66,937,376)	(80,303,379)	(86,814,683)	(83,289,926)	(63,799,313)	(54,401,883)
<u>\$ 100,999,784</u>	<u>\$ 92,296,357</u>	<u>\$ 93,364,380</u>	<u>\$ 102,533,399</u>	<u>\$ 130,309,734</u>	<u>\$ 149,541,966</u>
\$ 32,491,180	\$ 32,259,964	\$ 34,213,539	\$ 37,903,674	\$ 40,996,804	\$ 46,908,460
25,552,745	28,010,112	30,384,301	32,433,156	32,870,152	31,672,558
<u>\$ 58,043,925</u>	<u>\$ 60,270,076</u>	<u>\$ 64,597,840</u>	<u>\$ 70,336,830</u>	<u>\$ 73,866,956</u>	<u>\$ 78,581,018</u>
\$ 198,680,338	\$ 200,933,882	\$ 207,733,027	\$ 214,321,455	\$ 218,237,235	\$ 226,681,251
1,748,002	3,925,818	6,659,575	9,405,544	16,868,616	24,171,058
(41,384,631)	(52,293,267)	(56,430,382)	(50,856,770)	(30,929,161)	(22,729,325)
<u>\$ 159,043,709</u>	<u>\$ 152,566,433</u>	<u>\$ 157,962,220</u>	<u>\$ 172,870,229</u>	<u>\$ 204,176,690</u>	<u>\$ 228,122,984</u>

VILLAGE OF PALATINE, ILLINOIS

CHANGES IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	2013	2014*	2015
EXPENSES			
Governmental activities			
General government	\$ 3,618,746	\$ 6,085,713	\$ 5,181,480
Public safety	39,226,832	40,893,455	39,766,935
Public works	14,290,195	12,001,792	10,574,340
Economic development	5,914,067	3,400,486	5,187,476
Interest and fiscal charges	4,334,822	4,214,079	3,685,197
Total governmental activities expenses	67,384,662	66,595,525	64,395,428
Business-type activities			
Waterworks	7,511,430	8,235,391	10,988,330
Sewerage	3,335,908	3,041,236	3,641,693
Parking system	1,269,605	1,323,599	1,226,379
Refuse collection	4,426,461	4,553,742	4,553,546
Total business-type activities expenses	16,543,404	17,153,968	20,409,948
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 83,928,066	\$ 83,749,493	\$ 84,805,376
PROGRAM REVENUES			
Governmental activities			
Charges for services			
General government	\$ 2,792,931	\$ 4,002,813	\$ 4,338,815
Public safety	4,128,702	4,183,645	4,290,067
Other activities	2,107,948	2,099,120	2,079,704
Operating grants	3,645,430	3,555,697	2,766,089
Capital grants and contributions	315,830	31,077	-
Total governmental activities program revenues	12,990,841	13,872,352	13,474,675
Business-type activities			
Charges for services			
Waterworks	9,767,730	10,277,604	10,572,378
Sewerage	3,422,980	3,718,386	3,539,701
Parking system	683,780	711,723	701,265
Refuse collection	4,511,043	4,530,632	4,537,427
Operating grants	-	-	-
Capital grants and contributions	2,177,900	-	-
Total business-type activities program revenues	20,563,433	19,238,345	19,350,771
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 33,554,274	\$ 33,110,697	\$ 32,825,446
NET REVENUE (EXPENSE)			
Governmental activities	\$ (52,723,173)	\$ (52,723,173)	\$ (50,920,753)
Business-type activities	2,084,377	2,084,377	(1,059,177)
TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)	\$ (50,638,796)	\$ (50,638,796)	\$ (51,979,930)

* Implementation of GASB Statement 68

** Implementation of GASB Statement 75

Data Source

Audited Financial Statements

	2016	2017	2018**	2019	2020	2021	2022
\$ 7,411,863	\$ 4,992,470	\$ 4,792,852	\$ 4,927,957	\$ 4,750,856	\$ 3,358,688	\$ 3,904,060	
53,993,443	58,319,928	53,387,729	53,810,869	47,724,257	41,750,555	56,557,069	
11,764,624	10,938,679	10,658,853	12,901,798	14,110,117	11,110,100	12,391,484	
4,080,021	1,464,895	6,692,302	8,404,890	4,182,530	3,873,006	4,951,483	
3,466,073	3,490,399	2,800,515	2,139,900	2,331,499	1,074,402	911,591	
80,716,024	79,206,371	78,332,251	82,185,414	73,099,259	61,166,751	78,715,687	
12,485,417	9,115,608	9,071,013	7,867,493	8,538,978	8,038,256	7,746,433	
4,580,455	3,373,247	3,815,318	3,406,455	3,415,404	3,511,129	3,487,048	
1,526,641	1,256,792	1,277,515	1,549,161	1,356,121	1,259,959	1,253,862	
4,394,918	4,408,987	4,524,457	4,641,663	4,268,888	4,449,434	4,561,219	
22,987,431	18,154,634	18,688,303	17,464,772	17,579,391	17,258,778	17,048,562	
\$ 103,703,455	\$ 97,361,005	\$ 97,020,554	\$ 99,650,186	\$ 90,678,650	\$ 78,425,529	\$ 95,764,249	
\$ 4,443,342	\$ 4,348,698	\$ 4,333,166	\$ 3,176,329	\$ 2,272,664	\$ 1,341,725	\$ 1,335,988	
4,608,293	4,954,398	5,586,131	7,187,378	6,277,299	8,785,816	12,327,021	
2,273,555	2,454,501	2,408,431	2,484,425	2,453,582	2,599,663	1,627,947	
3,277,846	2,795,038	2,870,901	3,113,193	5,124,361	3,570,636	3,761,947	
1,200,000	-	-	1,033,112	584,973	1,832,572	1,532,811	
15,803,036	14,552,635	15,198,629	16,994,437	16,712,879	18,130,412	20,585,714	
11,504,526	11,756,016	11,134,742	11,743,045	12,078,859	12,633,962	13,201,026	
3,821,872	3,987,480	4,348,556	4,363,320	4,577,350	4,672,335	4,483,549	
631,587	709,390	729,953	711,700	273,043	176,337	331,785	
4,518,775	4,537,890	4,515,375	4,574,031	4,379,117	4,438,090	4,715,125	
-	791,930	525,390	-	582,062	-	-	
-	-	-	704,840	2,287,404	21,484	-	
20,476,760	21,782,706	21,254,016	22,096,936	24,177,835	21,942,208	22,731,485	
\$ 36,279,796	\$ 36,335,341	\$ 36,452,645	\$ 39,091,373	\$ 40,890,714	\$ 40,072,620	\$ 43,317,199	
\$ (64,912,988)	\$ (64,653,736)	\$ (63,133,622)	\$ (65,190,977)	\$ (56,386,380)	\$ (43,036,339)	\$ (58,129,973)	
(2,510,671)	2,836,142	2,040,323	4,632,164	6,598,444	4,683,430	5,682,923	
\$ (67,423,659)	\$ (61,817,594)	\$ (61,093,299)	\$ (60,558,813)	\$ (49,787,936)	\$ (38,352,909)	\$ (52,447,050)	

VILLAGE OF PALATINE, ILLINOIS

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2013	2014	2015*
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
Governmental activities			
Taxes			
Property	\$ 31,515,066	\$ 31,303,000	\$ 31,387,642
Home rule sales tax	4,305,118	4,471,298	4,360,722
Telecommunications	2,239,240	1,906,545	1,891,654
Electric utility use	1,722,005	1,690,985	1,641,246
Other	1,242,698	1,309,644	1,400,596
State shared sales taxes	9,343,337	10,061,160	9,892,846
State shared income tax	6,532,135	6,563,909	7,294,684
Other intergovernmental revenues	226,477	515,114	293,748
Investment income	300,305	309,200	305,362
Miscellaneous	193,597	297,638	156,573
Transfers	250,000	1,639,500	360,000
Total governmental activities	<u>57,869,978</u>	<u>60,067,993</u>	<u>58,985,073</u>
Business-type activities			
Investment income	20,064	24,098	16,402
Miscellaneous	-	-	-
Transfers	(250,000)	(1,639,500)	(360,000)
Total business-type activities	<u>(229,936)</u>	<u>(1,615,402)</u>	<u>(343,598)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 57,640,042</u>	<u>\$ 58,452,591</u>	<u>\$ 58,641,475</u>
CHANGE IN NET POSITION			
Governmental activities	\$ 5,674,172	\$ 7,344,820	\$ 8,064,320
Business-type activities	2,404,627	468,975	(1,402,775)
TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)	<u>\$ 8,078,799</u>	<u>\$ 7,813,795</u>	<u>\$ 6,661,545</u>

* Implementation of GASB Statement 68

** Implementation of GASB Statement 75

Data Source

Audited Financial Statements

	2016	2017	2018**	2019	2020	2021	2022
\$ 31,113,482	\$ 32,991,371	\$ 34,799,347	\$ 35,631,269	\$ 35,482,895	\$ 34,830,135	\$ 35,397,436	
4,217,287	4,111,583	4,446,002	4,252,692	4,105,026	5,720,013	6,457,178	
1,869,966	1,490,678	1,348,572	1,214,776	942,200	798,031	740,280	
2,054,689	2,263,482	2,360,118	2,225,106	2,211,795	2,225,398	2,164,566	
1,407,848	1,456,653	1,461,691	1,518,712	1,235,020	1,524,289	1,685,377	
9,558,566	9,634,893	10,163,314	10,461,255	11,334,735	13,993,460	14,464,458	
6,673,615	6,296,903	6,565,435	7,297,142	7,450,016	9,050,756	11,065,424	
244,029	251,911	406,251	889,609	709,168	829,566	4,357,999	
391,626	698,159	1,129,713	1,500,877	512,785	280,078	458,914	
458,387	1,134,667	526,783	568,062	496,759	497,096	525,078	
368,000	678,500	689,000	699,500	1,075,000	1,122,600	670,000	
58,357,495	61,008,800	63,896,226	66,259,000	65,555,399	70,871,422	77,986,710	
41,124	115,034	256,541	376,534	166,161	(30,704)	(275,577)	
-	-	309,188	18,566	49,385	-	3,436	
(368,000)	(678,500)	(689,000)	(699,500)	(1,075,000)	(1,122,600)	(670,000)	
(326,876)	(563,466)	(123,271)	(304,400)	(859,454)	(1,153,304)	(942,141)	
\$ 58,030,619	\$ 60,445,334	\$ 63,772,955	\$ 65,954,600	\$ 64,695,945	\$ 69,718,118	\$ 77,044,569	
\$ (6,555,493)	\$ (3,644,936)	\$ 762,604	\$ 1,068,023	\$ 9,169,019	\$ 27,835,083	\$ 19,856,737	
(2,837,547)	3,064,606	2,442,442	4,327,764	5,738,990	3,530,126	4,740,782	
\$ (9,393,040)	\$ (580,330)	\$ 3,205,046	\$ 5,395,787	\$ 14,908,009	\$ 31,365,209	\$ 24,597,519	

VILLAGE OF PALATINE, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2013	2014	2015	2016
GENERAL FUND				
Nonspendable	\$ 5,277,920	\$ 4,782,920	\$ 5,022,070	\$ 5,261,220
Assigned	-	-	-	-
Unassigned	<u>16,880,750</u>	<u>18,124,529</u>	<u>17,012,432</u>	<u>18,224,006</u>
TOTAL GENERAL FUND	<u>\$ 22,158,670</u>	<u>\$ 22,907,449</u>	<u>\$ 22,034,502</u>	<u>\$ 23,485,226</u>
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	23,876,160	17,945,345	14,882,305	14,057,043
Assigned	16,305,655	21,284,780	13,536,719	7,451,239
Unassigned	(2,484,768)	(43,615)	(43,615)	(35,515)
TOTAL ALL OTHER GOVERNMENTAL FUNDS	<u>\$ 37,697,047</u>	<u>\$ 39,186,510</u>	<u>\$ 28,375,409</u>	<u>\$ 21,472,767</u>

Data Source
Audited Financial Statements

2017	2018	2019	2020	2021	2022
\$ 4,470,370	\$ 3,738,890	\$ 2,889,849	\$ 2,023,377	\$ 1,067,140	\$ 76,447
-	-	-	-	572,744	374,387
<u>18,909,919</u>	<u>21,145,386</u>	<u>21,426,642</u>	<u>24,198,154</u>	<u>33,569,340</u>	<u>40,422,875</u>
<u>\$ 23,380,289</u>	<u>\$ 24,884,276</u>	<u>\$ 24,316,491</u>	<u>\$ 26,221,531</u>	<u>\$ 35,209,224</u>	<u>\$ 40,873,709</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19,059,512	19,554,231	19,728,606	19,935,775	24,800,883	29,433,655
9,116,907	10,817,419	11,354,671	10,805,047	12,134,442	12,516,610
-	-	-	-	-	-
<u>\$ 28,176,419</u>	<u>\$ 30,371,650</u>	<u>\$ 31,083,277</u>	<u>\$ 30,740,822</u>	<u>\$ 36,935,325</u>	<u>\$ 41,950,265</u>

VILLAGE OF PALATINE, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2013	2014	2015	2016
REVENUES				
Taxes	\$ 41,024,128	\$ 40,681,472	\$ 40,681,860	\$ 40,663,272
Licenses and permits	2,822,149	3,081,336	3,153,792	3,284,115
Intergovernmental	22,102,467	22,735,622	22,291,479	21,845,363
Charges for services	3,683,470	3,801,523	4,116,301	4,367,516
Fines and forfeitures	1,376,629	1,394,054	1,394,381	1,582,252
Investment income	300,305	309,200	305,362	391,626
Miscellaneous	193,596	297,638	156,573	458,387
Total revenues	71,502,744	72,300,845	72,099,748	72,592,531
EXPENDITURES				
General government	5,532,910	5,690,050	5,853,988	6,064,441
Public safety	37,149,960	38,212,533	40,197,022	40,907,770
Public works	6,228,622	6,769,212	6,419,162	6,227,585
Economic development	5,914,067	3,400,486	5,187,476	4,080,021
Capital outlay	10,091,641	8,176,672	15,883,621	11,571,849
Debt service				
Principal retirement	6,346,812	6,089,339	6,988,013	6,138,391
Interest	4,385,759	4,172,391	3,729,681	3,498,783
Fiscal charges	8,303	122,338	11,611	6,900
Total expenditures	75,658,074	72,633,021	84,270,574	78,495,740
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(4,155,330)	(332,176)	(12,170,826)	(5,903,209)
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued, at par	-	10,985,000	-	-
Bond premium	-	212,225	-	-
Payment to refunded bond escrow agent	-	(11,076,385)	-	-
Proceeds from sale of capital assets	115,692	211,418	51,778	83,291
Transfers in	5,249,753	12,364,540	3,451,125	466,031
Transfers (out)	(4,999,753)	(10,736,130)	(3,016,125)	(98,031)
Total other financing sources (uses)	365,692	1,960,668	486,778	451,291
NET CHANGE IN FUND BALANCES	\$ (3,789,638)	\$ 1,628,492	\$ (11,684,048)	\$ (5,451,918)
Debt service as a percentage of noncapital expenditures	15.69%	18.48%	13.22%	13.01%

Data Source

Audited Financial Statements

2017	2018	2019	2020	2021	2022
\$ 42,313,767	\$ 44,415,730	\$ 44,748,875	\$ 43,976,936	\$ 45,097,866	\$ 46,444,837
3,272,240	3,226,870	3,609,532	3,148,869	4,011,603	3,137,925
21,401,178	22,394,130	25,493,475	27,845,178	32,003,165	38,064,440
4,419,448	4,871,126	5,053,079	4,126,897	4,605,774	8,193,748
1,753,256	1,953,421	1,694,156	1,202,217	1,502,214	1,198,466
698,159	1,129,713	1,500,877	512,785	280,078	458,914
1,134,667	526,783	568,062	496,759	497,096	525,078
74,992,715	78,517,773	82,668,056	81,309,641	87,997,796	98,023,408
5,359,971	5,129,280	5,190,804	4,915,571	4,395,811	4,937,310
42,657,188	43,654,462	45,586,440	47,152,610	48,179,367	53,952,605
5,982,359	6,065,407	6,212,413	6,219,908	6,291,028	6,801,488
1,464,895	6,692,302	8,404,890	4,182,530	3,873,006	4,951,483
5,010,113	4,954,603	7,004,730	11,557,718	5,009,281	11,135,665
14,589,233	13,715,000	8,575,419	4,870,463	5,053,229	5,219,000
3,381,270	2,677,751	2,348,070	1,979,761	1,252,017	1,088,555
219,828	139,164	5,925	579,190	4,150	3,596
78,664,857	83,027,969	83,328,691	81,457,751	74,057,889	88,089,702
(3,672,142)	(4,510,196)	(660,635)	(148,110)	13,939,907	9,933,706
18,355,000	6,235,000	-	18,335,000	-	-
265,712	903,240	-	1,045,434	-	-
(9,086,571)	-	-	(18,800,000)	-	-
58,216	87,712	104,977	55,261	178,437	75,719
716,596	9,219,552	3,556,360	2,005,980	1,258,382	2,439,480
(38,096)	(8,471,784)	(2,856,860)	(930,980)	(135,782)	(1,769,480)
10,270,857	7,973,720	804,477	1,710,695	1,301,037	745,719
\$ 6,598,715	\$ 3,463,524	\$ 143,842	\$ 1,562,585	\$ 15,240,944	\$ 10,679,425
23.76%	23.16%	14.21%	8.55%	8.98%	7.39%

VILLAGE OF PALATINE, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Residential Property	Commercial Property	Industrial, Farm and Railroad Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2012	\$ 1,448,021,095	\$ 266,901,767	\$ 134,160,019	NA	\$ 1,849,082,881	\$ 1.200	\$ 5,547,248,643
2013	1,218,389,388	248,664,150	122,708,665	NA	1,589,762,203	1.390	\$ 4,769,286,609
2014	1,286,288,306	261,895,895	58,787,142	NA	1,606,971,343	1.368	4,820,914,029
2015	1,251,420,992	255,861,463	56,605,366	NA	1,563,887,821	1.406	4,691,663,463
2016	1,499,369,745	253,938,396	60,969,048	NA	1,814,277,189	1.212	5,442,831,567
2017	1,503,316,838	261,662,095	62,863,747	NA	1,827,842,680	1.249	5,483,528,040
2018	1,463,225,616	254,339,800	61,515,897	NA	1,779,081,313	1.296	5,337,243,939
2019	1,616,703,874	344,315,040	72,514,158	NA	2,033,533,072	1.114	6,100,599,216
2020	1,611,474,223	364,626,790	76,435,802	NA	2,052,536,815	1.133	6,157,610,445
2021	1,486,924,813	343,380,900	65,321,561	NA	1,895,627,274	1.133	5,686,881,822

NA = Not Available

Note: Property in the Village is reassessed each year. Property is assessed at 33% of actual value.

Data Source

Office of the County Clerk

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VILLAGE OF PALATINE, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

Tax Levy Year	2012	2013	2014	2015
TAX RATES				
Village of Palatine				
Social Security	\$ 0.122	\$ 0.148	\$ 0.119	\$ 0.125
IMRF	0.065	0.081	0.080	0.085
Police Protection	0.267	0.305	0.306	0.295
Fire Protection	0.267	0.305	0.306	0.295
Fire Pension	0.163	0.196	0.204	0.210
Police Pension	0.163	0.187	0.191	0.222
Debt Service	0.153	0.168	0.162	0.174
Total Village of Palatine	1.200	1.390	1.368	1.406
School Districts				
Palatine CCSD No. 15	3.269	3.849	3.868	4.035
Junior College No. 512	0.373	0.444	0.451	0.466
Township HSD No. 211	2.772	3.197	3.213	3.309
Park District	0.574	0.680	0.696	0.725
Library District	0.248	0.293	0.295	0.308
County				
County of Cook	0.594	0.560	0.568	0.552
Forest Preserve	0.062	0.069	0.069	0.069
Township				
Palatine Township	0.049	0.058	0.059	0.063
General Assistance	0.014	0.017	0.017	0.018
Road and Bridge	0.082	0.092	0.090	0.092
Other Districts				
Northwest Mosquito	0.011	0.013	0.013	0.011
Sanitary District	0.370	0.417	0.430	0.426
Elections (ELCO)	-	0.031	-	0.034
TOTAL TAX RATES	\$ 9.618	\$ 11.110	\$ 11.137	\$ 11.514
SHARE OF TOTAL TAX LEVIED BY THE VILLAGE				
	12.48%	12.51%	12.28%	12.21%

Data Source
Office of the County Clerk

	2016	2017	2018	2019	2020	2021
\$	0.111	\$ 0.136	\$ 0.117	\$ 0.104	\$ 0.128	\$ 0.141
	0.075	0.060	0.054	0.055	0.059	0.059
	0.215	0.206	0.228	0.186	0.167	0.182
	0.215	0.206	0.228	0.186	0.167	0.182
	0.218	0.254	0.269	0.274	0.270	0.300
	0.227	0.238	0.254	0.262	0.278	0.293
	0.151	0.149	0.146	0.077	0.064	0.070
	1.212	1.249	1.296	1.144	1.133	1.227
	3.543	3.618	3.807	3.486	3.564	3.955
	0.416	0.425	0.443	0.403	0.409	0.457
	2.871	2.922	3.044	2.749	2.787	3.020
	0.648	0.657	0.693	0.633	0.650	0.711
	0.268	0.276	0.291	0.344	0.353	0.388
	0.533	0.496	0.489	0.454	0.453	0.446
	0.063	0.062	0.060	0.059	0.580	0.580
	0.054	0.055	0.059	0.055	0.550	0.060
	0.012	0.010	0.007	0.007	0.007	0.008
	0.079	0.078	0.080	0.072	0.068	0.074
	0.010	0.010	0.011	0.010	0.010	0.011
	0.406	0.402	0.396	0.389	0.500	0.382
	-	0.031	-	0.030	-	0.019
\$	10.115	\$ 10.291	\$ 10.676	\$ 9.835	\$ 11.064	\$ 11.338
	11.98%	12.14%	12.14%	11.63%	10.24%	10.82%

VILLAGE OF PALATINE, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Levy Year and Nine Levy Years Ago

Taxpayer	Tax Year 2021			Tax Year 2012		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Albion on Lake Cook	\$ 20,954,477	1	1.11%	\$ 11,438,998	5	0.59%
United Parcel Service	15,635,156	2	0.82%	9,419,648	6	0.48%
Weber Stephen Products	13,819,132	3	0.73%	12,452,232	2	0.64%
TMIF II Clayson LLC	12,977,201	4	0.68%	NA	NA	NA
Wal Mart	11,455,301	5	0.60%	11,978,195	4	0.61%
Palatine Fresh Market	10,849,085	6	0.57%	NA	NA	NA
Deer Grove Centre	8,452,510	7	0.45%	NA	NA	NA
Realty Income Group	8,407,560	8	0.44%	NA	NA	NA
Target	8,389,544	9	0.44%	NA	NA	NA
CR Northwest LLC	8,250,993	10	0.44%	NA	NA	NA
McCaffrey Interests	NA	NA	NA	13,505,909	1	0.69%
Renaissance Residential	NA	NA	NA	12,056,643	3	0.62%
Thomson Partners	NA	NA	NA	9,026,171	7	0.46%
Village Park Palatine 300	NA	NA	NA	8,167,778	8	0.42%
Arlington Toyota	NA	NA	NA	8,111,882	9	0.42%
Highland Management	NA	NA	NA	6,928,283	10	0.35%
	<u>\$ 119,190,959</u>		<u>6.28%</u>	<u>\$ 103,085,739</u>		<u>5.28%</u>

Note:

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.

Data Source
Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Levy Year	Tax Levied	Collected Within the Fiscal Year of the Levy		Collections (Refunds) in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 22,188,995	\$ 21,661,897	97.62%	\$ 309,238	\$ 21,971,135	99.02%
2013	22,097,695	21,729,359	98.33%	(111,746)	21,617,613	97.83%
2014	21,983,368	21,698,390	98.70%	47,027	21,745,417	98.92%
2015	21,988,263	21,688,247	98.64%	(58,059)	21,630,188	98.37%
2016	21,989,040	21,682,685	98.61%	(15,099)	21,667,586	98.54%
2017	22,829,755	22,611,087	99.04%	66,644	22,677,731	99.33%
2018	23,056,901	22,678,380	98.36%	769,471	23,447,851	101.70%
2019	23,172,496	22,778,525	98.30%	486,825	23,265,350	100.40%
2020	23,252,356	22,649,070	97.41%	809,561	23,458,631	100.89%
2021*	23,259,352	17,947,590	77.16%	-	17,947,590	77.16%

* The second installment bills were delayed by the County causing a lower than normal amount of collections within the fiscal year of the levy.

Data Source

Office of the County Treasurer

VILLAGE OF PALATINE, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities		Business- Type Activities		Percent		
	General Obligation Bonds	Tax Increment Notes	General Obligation Bonds	Total Primary Government	of Personal Income*	Per Capita*	
2013	\$ 85,483,105	\$ 111,664	\$ 16,479,732	\$ 102,074,501	3.85%	\$ 1,382	
2014	80,207,505	105,565	14,464,348	94,777,418	3.85%	1,382	
2015	72,530,000	97,417	17,310,000	89,937,417	4.42%	1,300	
2016	66,400,000	89,026	13,910,000	80,399,026	3.31%	1,162	
2017	61,050,000	79,793	12,315,000	73,444,793	2.97%	1,068	
2018	53,570,000	79,793	10,835,000	64,484,793	2.60%	938	
2019	46,114,717	69,374	9,979,510	54,379,374	2.20%	791	
2020	41,676,359	58,911	8,254,960	49,990,230	2.02%	727	
2021	36,424,714	45,682	6,465,410	42,935,806	1.98%	632	
2022	31,010,314	31,682	2,772,900	33,814,896	1.47%	498	

* See the schedule of Demographic and Economic Information for personal income and population data.

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

Data Source

Audited Financial Statements

VILLAGE OF PALATINE, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year Ended	General Obligation Bonds		Less: Net Position Restricted for Debt Service	Total Primary Government	Percent of Estimated Actual Taxable	
	Governmental Activities	Business- Type Activities			Value of Property*	Per Capita*
2013	\$ 85,483,105	\$ 16,479,732	\$ 1,865,098	\$ 100,097,739	1.80%	\$ 1,566
2014	80,207,505	14,464,348	-	94,671,853	1.71%	1,381
2015	72,530,000	17,310,000	-	89,840,000	1.65%	1,335
2016	66,400,000	13,910,000	-	80,310,000	1.32%	1,298
2017	61,050,000	12,315,000	-	73,365,000	1.35%	1,067
2018	53,570,000	10,835,000	-	64,405,000	1.17%	937
2019	46,114,717	9,979,510	-	56,094,227	1.02%	790
2020	41,676,359	8,254,960	-	49,931,319	0.81%	726
2021	36,424,714	6,465,410	-	42,890,124	0.75%	632
2022	31,010,314	2,772,900	(1,991,184)	35,774,398	0.63%	527

* See the schedule of Demographic and Economic Information for personal income and population data.

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

Data Source

Audited Financial Statements

VILLAGE OF PALATINE, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2022

Governmental Unit	Gross Debt	Percentage Debt Applicable to the Village of Palatine (1)	Village of Palatine Share of Debt
Village of Palatine	\$ 31,041,996	100.00%	\$ 31,041,996
School Districts			
Community Unit District 15	43,375,000	50.80%	22,034,500
Township High School District 214	20,360,000	0.01%	2,036
Community College District 512	<u>285,565,330</u>	9.22%	<u>26,329,123</u>
Total school districts	<u>349,300,330</u>		<u>48,365,659</u>
Other than schools			
Cook County	2,663,661,751	1.19%	31,697,575
Cook County Forest Preserve District	78,560,000	1.19%	934,864
Metropolitan Water Reclamation District	2,599,744,289	1.21%	31,456,906
Park Districts			
Arlington Heights Park District	11,427,000	0.05%	5,714
Palatine Park District	2,760,000	75.79%	2,091,804
Salt Creek Park District	704,000	49.40%	347,776
Palatine Public Library District	<u>4,735,000</u>	77.66%	<u>3,677,201</u>
Total other than schools	<u>5,361,592,040</u>		<u>70,211,840</u>
Total Overlapping Governmental Activities Debt			
	<u>5,710,892,370</u>		<u>118,577,499</u>
Total Direct and Overlapping Governmental Activities Debt			
	<u>\$ 5,741,934,366</u>		<u>\$ 149,619,495</u>

(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. The 2021 EAV is the most current available.

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

December 31, 2021

The Village is a home rule municipality.

Article VII, Section 6(k) of the Illinois Constitution governs computation of the legal debt margin.

"The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property . . . (2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: . . . indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum . . . shall not be included in the foregoing percentage amounts."

To date, the General Assembly has set no limits for home rule municipalities.

VILLAGE OF PALATINE, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2013	68,557	\$ 2,463,595,795	\$ 35,935	6.9%
2014	68,557	2,463,595,795	35,935	5.1%
2015	69,188	2,421,307,161	34,996	5.0%
2016	69,188	2,431,032,638	35,137	4.3%
2017	68,766	2,476,263,660	36,010	3.6%
2018	68,766	2,476,263,660	36,010	3.3%
2019	68,766	2,476,263,660	36,010	2.5%
2020	68,766	2,476,263,660	36,010	7.0%
2021	67,908	2,169,623,920	31,949	3.3%
2022	67,908	2,299,416,735	33,861	3.7%

Data Source

US Census Bureau

Illinois Department of Employment Security

VILLAGE OF PALATINE, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2022			2013		
	Rank	Approx. No. of Employees	Percentage of Total Village Population	Rank	Approx. No. of Employees	Percentage of Total Village Population
Community Consolidated School District 15	1	2,444	3.60%	1	2,200	3.21%
Township High School District 211	2	2,087	3.07%	2	2,057	3.00%
United States Postal Service	3	1,900	2.80%	4	1,000	1.46%
Weber-Stephen Products	4	1,183	1.74%	9	200	0.29%
Community College District 512	5	840	1.24%	5	980	1.43%
Little City Foundation	6	735	1.08%	NA	NA	NA
Village of Palatine	7	326	0.48%	8	355	0.52%
Arlington Plating	8	175	0.26%	10	110	0.16%
Intec Group, Inc.	9	175	0.26%	6	425	0.62%
United Parcel Service	10	155	0.23%	3	1,000	1.46%
Schneider Electric-Square D	NA	NA	NA	7	355	0.52%

Data Source

Village Records

VILLAGE OF PALATINE, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
GENERAL GOVERNMENT										
Village Clerk	2.0	2.0	2.0	1.5	1.5	2.0	2.0	1.5	1.0	1.0
Village Manager	6.0	6.0	6.0	4.5	5.0	4.0	4.0	3.5	4.0	4.0
Finance and Operations	12.0	12.0	12.0	10.0	10.0	10.0	10.0	10.0	9.5	8.5
Legal	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Human Resources	2.5	2.5	2.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Information Technology	7.0	7.0	7.0	7.0	8.0	7.5	7.5	7.5	6.5	6.5
PUBLIC SAFETY										
Community Development	19.5	19.5	20.5	20.5	24.0	24.0	24.0	22.0	22.5	22.5
Police										
Sworn personnel	109.0	108.0	109.0	109.0	109.0	109.0	109.0	109.0	108.0	108.0
Civilians	31.5	31.0	31.5	27.5	31.0	29.5	29.5	28.0	28.0	28.0
Fire										
Sworn personnel	91.0	91.0	91.0	91.0	91.0	91.0	91.0	91.0	88.0	88.0
Civilians	9.5	9.5	9.5	9.5	8.5	8.5	8.5	8.5	8.0	8.0
PUBLIC WORKS										
Public Works	63.5	63.5	63.5	63.0	62.0	62.0	64.0	62.5	62.5	63.5

Data Source

Village Records

VILLAGE OF PALATINE, ILLINOIS

OPERATING INDICATORS AND CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

OPERATING INDICATORS										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
PUBLIC SAFETY										
Police										
Physical arrests	1,475	1,527	1,660	1,832	2,155	2,233	2,146	1,931	815	1,114
Parking violations	4,754	4,756	5,664	5,645	6,638	7,017	7,490	5,485	6,592	5,706
Traffic violations	9,933	9,960	11,229	10,663	10,056	11,251	10,258	7,370	8,094	11,550
Fire										
Emergency responses	7,770	8,009	7,661	7,853	7,709	8,080	7,879	7,416	8,222	9,090
PUBLIC WORKS										
Water										
Number of connections	16,780	16,780	16,780	16,780	16,780	16,780	16,780	16,780	16,780	16,780
Avg daily consumption	6.57M	6.30M	6.49M	6.22M	5.75M	5.93M	5.71M	5.94M	5.95M	5.72M
CAPITAL ASSET STATISTICS										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
PUBLIC SAFETY										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	28	28	28	28	28	28	28	28	28	28
Fire										
Fire stations	5	5	5	5	5	5	5	5	5	5
Fire engines	7	7	7	7	7	7	7	7	7	7
PUBLIC WORKS										
Streets and highways										
Streets (miles)	235	235	235	235	235	235	235	235	235	235
Number of bridges	6	6	6	6	6	6	6	6	6	6
Waterworks										
Water mains (miles)	156	156	179	179	179	179	212	212	212	212
Fire hydrants	2,060	2,060	2,513	2,513	2,523	2,523	2,625	2,625	2,625	2,625
Sewerage										
Sanitary sewers (miles)	145	145	168	168	169	169	169	169	169	169
Storm sewers (miles)	225	225	260	260	263	263	267	267	274	274

Data Source

Village Records

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**Additional Disclosures Required
by SEC Rule 15c2-12**

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12
STATEMENT OF INDEBTEDNESS
December 31, 2022

	As Percent of			
	Estimated			
	Assessed Amount	True Value	Value	Per Capita
Taxable real property, 2021				
Assessed valuation	\$ 1,895,627,274	100.00%	33.33%	\$ 27,915
Estimated true value	5,686,881,822	300.00%	100.00%	83,744
Total general obligation bonded debt (1):				
Less: Self-Supporting	(7,630,000)	-0.40%	-0.13%	(112)
Net general obligation bonded debt	<u>24,280,000</u>	<u>1.28%</u>	<u>0.43%</u>	<u>358</u>
Overlapping bonded debt payable from property taxes (2):				
Schools	48,365,659	2.55%	0.85%	712
Other than schools	70,211,840	3.70%	1.23%	1,034
Total overlapping bonded debt	<u>118,577,499</u>	<u>6.26%</u>	<u>2.09%</u>	<u>1,746</u>
Total net direct and overlapping bonded debt	<u><u>\$ 142,857,499</u></u>	<u><u>7.54%</u></u>	<u><u>2.51%</u></u>	<u><u>\$ 2,104</u></u>

Notes:

(1) The Village is a home-rule unit under the 1970 Illinois Constitution and as such has no debt limit nor is it required to seek referendum approval for the issuance of general obligation debt. See "Retirement Schedule of Outstanding Village General Obligation Debt" for a listing of the Village's non-general obligation debt and currently outstanding general obligation debt. Of the Village's general obligation debt \$7,630,000 or 23.9% is considered self-supporting.

(2) Overlapping bonded debt as of June 2022.

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12
RETIREMENT SCHEDULE OF OUTSTANDING VILLAGE GENERAL OBLIGATION DEBT
December 31, 2022

Due 12/1	Series						Total Maturities ⁽¹⁾⁽²⁾	
	Series 2014B	Series 2015	2017 (2 Issues)	Series 2018	Series 2020	Amount	%	
2023	\$ 735,000	\$ 785,000	\$ 1,180,000	\$ 530,000	\$ -	\$ 3,230,000	10.1%	
2024	760,000	820,000	1,200,000	560,000	705,000	4,045,000	12.7%	
2025	790,000	870,000	1,210,000	600,000	725,000	4,195,000	13.1%	
2026	-	-	745,000	640,000	1,275,000	2,660,000	8.3%	
2027	-	-	-	670,000	1,345,000	2,015,000	6.3%	
2028	-	-	-	725,000	1,375,000	2,100,000	6.6%	
2029	-	-	-	755,000	1,415,000	2,170,000	6.8%	
2030	-	-	-	-	2,190,000	2,190,000	6.9%	
2031	-	-	-	-	2,245,000	2,245,000	7.0%	
2032	-	-	-	-	2,300,000	2,300,000	7.2%	
2033	-	-	-	-	2,355,000	2,355,000	7.4%	
2034	-	-	-	-	2,405,000	2,405,000	7.5%	
	\$ 2,285,000	\$ 2,475,000	\$ 4,335,000	\$ 4,480,000	\$ 18,335,000	\$ 31,910,000	100.0%	

Notes:

(1) The Village is a home rule unit under the 1970 Illinois Constitution and as such has no debt limit, nor is it required to seek referendum approval for the issuance of general obligation debt. This table excludes \$31,682 outstanding principal on Tax Increment Financing bonds and notes secured only by the incremental revenues generated by the district; and various industrial revenue bonds which are fully secured by payments from the benefitting entities.

(2) The Village has chosen to fund certain projects with general obligation bonds and abate the taxes thereon from other sources. Of the Village's \$47,385,000 outstanding principal at December 31, 2020, the Village estimates that \$7,630,000 (23.9%) is self-supporting from non-property tax sources.

[Data Source](#)

Village Records

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12
BONDED DEBT RATIOS AND PER CAPITA DEBT - LAST TEN GENERAL OBLIGATION BOND SALES
December 31, 2022

Village Issue	Sale Date	Amount	Ratio to Estimated Actual Value				Per Capita		
			Direct Debt		Overlapping Debt		Direct and Overlapping Debt		
			Excluding	Excluding	Excluding	Excluding	Excluding	Excluding	Population
			Including	Self-Supporting	Including	Self-Supporting	Including	Self-Supporting	Population
				(1)		(1)		(1)	Estimate
September 15, 2009 (2)	\$ 16,600,000	1.65%	0.31%	3.52%	2.18%	\$ 3,496	\$ 2,166	65,920	
May 26, 2010 (2)	19,870,000	1.45%	0.27%	3.18%	2.00%	3,360	2,117	65,920	
August 9, 2010 (2)	19,745,000	1.69%	0.52%	3.41%	2.24%	3,619	2,375	65,920	
June 20, 2011 (3)	7,850,000	1.64%	0.61%	3.47%	2.44%	3,844	2,701	65,920	
December 3, 2012 (2)	5,025,000	1.89%	0.71%	4.17%	2.99%	4,243	2,597	68,557	
December 9, 2014 (2,3)	14,610,000	2.19%	0.73%	4.69%	3.23%	3,263	2,250	68,557	
December 2, 2015	7,165,000	1.98%	0.78%	4.52%	3.32%	3,184	2,337	68,557	
July 11, 2017 (3)	18,355,000	1.48%	0.84%	3.51%	2.67%	2,117	1,171	68,557	
September 5, 2018 (3)	6,235,000	1.32%	0.59%	3.35%	2.62%	2,674	2,095	68,557	
October 19, 2020 (3)	18,335,000	0.88%	0.42%	2.73%	2.28%	2,435	2,025	68,557	

Notes:

(1) Excludes the Village's general obligation debt which is payable from non-property tax revenues.

(2) All or a portion of bond proceeds used for advance refunding purposes.

(3) All or a portion of bond proceeds used for current refunding purposes.

Data Source

Official Statements

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12
DETAILED OVERLAPPING BONDED INDEBTEDNESS PAYABLE FROM PROPERTY TAXES
December 31, 2022

Governmental Unit	Percent of Village's Real Property in Taxing Body	Gross Debt (1)	Percent of Debt Applicable to the Village of Palatine (2)	Village of Palatine Share of Debt
School Districts				
Palatine Community District No. 15	100.0%	\$ 43,375,000	50.80%	\$ 22,034,500
Township High School District No. 214	0.1%	20,360,000	0.01%	2,036
Community College District No. 512	100.0%	<u>285,565,330</u>	9.22%	<u>26,329,123</u>
Total school districts		<u>349,300,330</u>		<u>48,365,659</u>
Other than schools				
Cook County	100.0%	2,663,661,751	1.19%	31,697,575
Cook County Forest Preserve District	100.0%	78,560,000	1.19%	934,864
Metropolitan Water Reclamation District	100.0%	2,599,744,289	1.21%	31,456,906
Park Districts				
Arlington Heights Park District	0.1%	11,427,000	0.05%	5,714
Palatine Park District	94.2%	2,760,000	75.79%	2,091,804
Salt Creek Park District	5.7%	704,000	49.40%	347,776
Palatine Public Library District	100.0%	<u>4,735,000</u>	77.66%	<u>3,677,201</u>
Total other than schools		<u>5,361,592,040</u>		<u>70,211,840</u>
Total Overlapping Governmental Activities Debt		<u>\$ 5,710,892,370</u>		<u>\$ 118,577,499</u>

Notes:

(1) As of June 2022.

(2) Overlapping debt percentages based on 2021 EAV, the most current available.

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12
EQUALIZED ASSESSED VALUATION FOR TAXING PURPOSES
December 31, 2022

Levy Year	Net for General Taxing Purposes	Plus Incremental Valuation	Total For All Taxing Purposes (1)	Increase Over Prior Year
2012	\$ 1,849,082,881	\$ 213,010,709	\$ 2,062,093,590	-3.7%
2013 (2)	1,589,762,203	104,823,912	1,694,586,115	-17.8%
2014	1,606,971,343	84,767,445	1,691,738,788	-0.2%
2015	1,563,887,821	197,915,722	1,761,803,543	4.1%
2016 (2)	1,814,277,189	82,951,271	1,897,228,460	7.7%
2017	1,827,842,680	108,242,637	1,936,085,317	2.0%
2018	1,779,081,313	111,848,301	1,890,929,614	-2.3%
2019 (2)	2,033,533,072	170,232,002	2,203,765,074	16.5%
2020	2,052,536,815	228,625,586	2,281,162,401	3.5%
2021	1,895,627,274	215,116,389	2,110,743,663	-7.5%

Notes:

(1) Property in Cook County is separated into two primary classifications for assessment purposes (10% for residential and 25% for commercial property). After the assessor establishes the fair market value of a parcel of land, the value is multiplied by one of the classification percentages to arrive at the assessed valuation for that parcel. The Illinois Department of Revenue furnishes each county with an adjustment factor (the equalization factor) to equalize the level of assessment between counties. After the equalization factor is applied, the valuation of the property for taxing purposes has been established-tax rates are applied to the equalized valuation. This table excludes exemptions.

(2) Under the current triennial reassessment system, the Village is reassessed every third year.

The Village's tax rate is calculated based on the Village's net equalized assessed valuation (shown in this table as "Net for General Taxing Purposes") and is extended against its entire Equalized Assessed Valuation (shown in this table as "Total for all Taxing Purposes") excluding only the statutory exemptions. Of the taxes collected, that portion applicable to incremental valuation (valuation of tax increment districts) is remitted to the Village by the County Collector for deposit in the applicable tax allocation fund. The Equalized Assessed Valuation for which the Village receives its portion of the total tax rate for all non-TIF purposes is shown in this table as "Net for General Taxing Purposes".

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12
TAX RATES PER \$100 EQUALIZED ASSESSED VALUATION
December 31, 2022

Tax Levy Year	2017	2018	2019	2020	2021
TAX RATES					
Village of Palatine (1)					
Social Security	\$ 0.136	\$ 0.117	\$ 0.104	\$ 0.128	\$ 0.141
IMRF	0.060	0.054	0.055	0.059	0.059
Corporate (Police Protection)	0.206	0.228	0.186	0.167	0.182
Fire Protection	0.206	0.228	0.186	0.167	0.182
Fire Pension	0.254	0.269	0.274	0.270	0.300
Police Pension	0.238	0.254	0.262	0.278	0.293
Debt Service	0.149	0.146	0.077	0.064	0.070
Total Village of Palatine	1.249	1.296	1.144	1.133	1.227
School Districts					
Palatine CCSD No. 15	3.618	3.807	3.486	3.564	3.955
Junior College No. 512	0.425	0.443	0.403	0.409	0.457
Township HSD No. 211	2.922	3.044	2.749	2.787	3.020
Park District	0.657	0.693	0.633	0.650	0.711
Library District	0.276	0.291	0.344	0.353	0.388
County					
County of Cook	0.496	0.489	0.454	0.453	0.446
Forest Preserve	0.062	0.060	0.059	0.580	0.580
Township					
Palatine Township	0.055	0.059	0.055	0.550	0.060
General Assistance	0.010	0.007	0.007	0.007	0.008
Road and Bridge	0.078	0.080	0.072	0.068	0.074
Other Districts					
Northwest Mosquito	0.010	0.011	0.010	0.010	0.011
Sanitary District	0.402	0.396	0.389	0.500	0.382
Elections (ELCO)	0.031	-	0.030	-	0.019
TOTAL TAX RATE (2)	\$ 10.291	\$ 10.676	\$ 9.835	\$ 11.064	\$ 11.338
SHARE OF TOTAL TAX LEVIED BY THE VILLAGE					
	12.14%	12.14%	11.63%	10.24%	10.82%

Notes:

(1) As a home rule unit under the 1970 Illinois Constitution, the Village has no statutory tax rate or levy limitations. Totals may not add due to rounding.

(2) Total rate shown is for the largest tax code which accounted for 78% of the Village's equalized assessed valuation.

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12
TAX EXTENSIONS AND COLLECTIONS
December 31, 2022

Levy Year	Tax Levied	Collected Within the Fiscal Year of the Levy		Collections (Refunds) in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 22,188,995	\$ 21,661,897	97.62%	\$ 309,238	\$ 21,971,135	99.02%
2013	22,097,695	21,729,359	98.33%	(111,746)	21,617,613	97.83%
2014	21,983,368	21,698,390	98.70%	47,027	21,745,417	98.92%
2015	21,988,263	21,688,247	98.64%	(58,059)	21,630,188	98.37%
2016	21,989,040	21,682,685	98.61%	(15,099)	21,667,586	98.54%
2017	22,829,755	22,611,087	99.04%	66,644	22,677,731	99.33%
2018	23,056,901	22,678,380	98.36%	769,471	23,447,851	101.70%
2019	23,172,496	22,778,525	98.30%	486,825	23,265,350	100.40%
2020	23,252,356	22,649,070	97.41%	809,561	23,458,631	100.89%
2021	23,259,352	17,947,590	77.16%	-	17,947,590	77.16%

Note:

Cook County property taxes are payable in two installments: the first on March 1, and the second on the latter of August 1 or 30 days after the mailing of the tax bills. The first installment is an estimated bill and is 55% of the prior year's bill. The second installment is based on the current levy, assessment and equalization and reflects any changes from the prior year in those factors.

Data Source

Office of the County Treasurer

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12
TAX BASE DISTRIBUTION BY PROPERTY CLASSIFICATION
December 31, 2022

Property Classification (1)	2017	2018	2019	2020	2021
Residential	\$ 1,503,316,838	\$ 1,463,225,616	\$ 1,616,703,874	\$ 1,611,474,223	\$ 1,486,924,813
Commercial	261,662,095	254,339,800	344,315,040	364,626,790	343,380,900
Industrial/Railroad/Farm	62,863,747	61,515,897	72,514,158	76,435,802	65,321,561
Net for General Taxing Purposes	1,827,842,680	1,779,081,313	2,033,533,072	2,052,536,815	1,895,627,274
Incremental Valuation (2)	<u>108,242,637</u>	<u>111,848,301</u>	<u>170,232,002</u>	<u>228,625,586</u>	<u>215,116,389</u>
Total for all Taxing Purposes	<u>\$ 1,936,085,317</u>	<u>\$ 1,890,929,614</u>	<u>\$ 2,203,765,074</u>	<u>\$ 2,281,162,401</u>	<u>\$ 2,110,743,663</u>
Percentage Increase	2.0%	-2.3%	16.5%	3.5%	-7.5%

Notes:

(1) Property in Cook County is separated into two primary classifications for assessment purposes (10% for residential and 25% for commercial property). After the assessor establishes the fair market value of a parcel of land, the value is multiplied by one of the classification percentages to arrive at the assessed valuation for that parcel. The Illinois Department of Revenue furnishes each county with an adjustment factor (the equalization factor) to equalize the level of assessment between counties. After the equalization factor is applied, the valuation of the property for taxing purposes has been established-tax rates are applied to the equalized valuation.

(2) The Village's tax rate is calculated based on the Village's net equalized assessed valuation (shown in this table as "Net for General Taxing Purposes") and is extended against its entire Equalized Assessed Valuation (shown in this table as "Total for all Taxing Purposes") excluding only the statutory exemptions. Of the taxes collected, that portion applicable to incremental valuation (valuation of tax increment districts) is remitted to the Village by the County Collector for deposit in the applicable tax allocation fund. The Equalized Assessed Valuation for which the Village receives its portion of the total tax rate for all non-TIF purposes is shown in this table as "Net for General Taxing Purposes".

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12
TEN LARGEST TAXPAYERS
December 31, 2022

Taxpayer			Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Albion on Lake Cook	Multi-Family Housing		\$ 20,954,477	1	1.11%
United Parcel Service	Delivery		15,635,156	2	0.82%
Weber Stephen Products	Manufacturing		13,819,132	3	0.73%
TMIF II Clayson LLC	Multi-Family Housing		12,977,201	4	0.68%
Wal Mart	Retail Store		11,455,301	5	0.60%
Palatine Fresh Market	Retail Store		10,849,085	6	0.57%
Deer Grove Centre	Commercial Real Estate		8,452,510	7	0.45%
Realty Income Group	Commercial Real Estate		8,407,560	8	0.44%
Target	Retail Store		8,389,544	9	0.44%
CR Northwest LLC	Commercial Real Estate		8,250,993	10	0.44%
			<u>\$ 119,190,959</u>		<u>6.28%</u>

Note:

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. The 2021 is the most current available.

[Data Source](#)

Office of the County Treasurer

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12
GENERAL FUND
December 31, 2022

Summary Statement of Revenue, Expenditures and Changes in Fund Balance (1)

(Fiscal Year Ending December 31, 2018 - 2022)

	2018	2019	2020	2021	2022	CY 2023 Budget (2)
REVENUES						
Taxes	\$ 26,718,556	\$ 26,719,977	\$ 27,921,769	\$ 30,897,540	\$ 30,700,058	\$ 13,716,884
Licenses and permits	3,226,870	3,609,532	3,148,869	4,011,603	3,137,925	1,836,000
Intergovernmental	19,534,046	21,290,467	22,111,733	26,501,973	29,407,004	20,552,639
Charges for services	4,515,911	4,647,540	3,587,245	4,132,742	7,725,730	5,713,580
Fines and forfeits	1,936,416	1,681,635	1,196,453	1,498,459	1,198,466	2,227,000
Investment income	567,404	697,884	289,279	96,279	(55,988)	25,000
Miscellaneous	451,983	456,818	487,681	493,257	506,943	1,625,000
Transfers	-	-	930,980	75,782	-	-
Total revenues	56,951,186	59,103,853	59,674,009	67,707,635	72,620,138	45,696,103
EXPENDITURES						
General government	5,129,280	5,190,804	4,915,571	4,395,811	4,937,310	7,957,055
Public safety	43,471,946	45,411,561	46,692,238	47,914,355	53,447,375	52,314,868
Public works	6,065,407	6,212,413	6,219,908	6,291,028	6,801,488	7,599,425
Transfers	780,566	2,856,860	-	60,000	1,769,480	-
Total expenditures	55,447,199	59,671,638	57,827,717	58,661,194	66,955,653	67,871,348
EXCESS (DEFICIENCY) OF REVENUES						
OVER EXPENDITURES	1,503,987	(567,785)	1,846,292	9,046,441	5,664,485	<u>\$ (22,175,245)</u>
FUND BALANCE, JANUARY 1	23,380,289	24,884,276	24,316,491	26,162,783	35,209,224	
FUND BALANCE, DECEMBER 31	\$ 24,884,276	\$ 24,316,491	\$ 26,162,783	\$ 35,209,224	\$ 40,873,709	

Notes:

(1) See Note 1 to the "Combined Statement-All Funds" table for auditor's basis of accounting, etc.

(2) Budgets are adopted on a basis consistent with generally accepted accounting principles. The Village Manager prepares a proposed budget which is presented to the Village Council for review and adoption after public hearings. The Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of a fund must be approved by the Village Council. The Manager regularly conducts quarterly reviews and initiates supplemental appropriations as necessary. The adopted Village Budget is based on the use of the budgetary tool known as "Target Budgeting". The target budget is a tool to involve department heads, municipal administrators, finance officers and policy officials in a joint effort to maximize the use of funds. This method of budgeting is a modification of zero based budgeting. It accepts the premise that the Village provides certain basic services and attempts to "target" funds for these basic service levels. Beyond the basic service levels, discretionary expenditures are identified, and then evaluated, prioritized and matched against available revenues. A shifting pattern of services can therefore be created without inadvertent disruption of basic services.

Data Source

Village Records

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12
GENERAL FUND
December 31, 2022

Balance Sheet (1)
(December 31, 2018 - 2022)

	2018	2019	2020	2021	2022
ASSETS					
Cash and investments	\$ 19,083,224	\$ 19,975,689	\$ 22,422,763	\$ 31,204,940	\$ 36,423,778
Receivables					
Property taxes	20,254,536	21,502,944	21,747,049	21,712,678	25,210,243
Other	841,524	881,082	917,803	959,236	1,444,472
Due from other governments	4,719,989	4,896,865	4,317,221	5,383,945	5,507,641
Accrued interest	98,235	122,305	47,525	8,361	9,784
Leases	-	-	-	251,214	113,175
Due from other funds	18,799	19,565	26,833	19,832	22,238
Prepaid expenses	75,000	72,764	36,689	72,800	76,447
Advance to other funds	3,663,890	2,817,085	1,927,940	994,340	-
TOTAL ASSETS	\$ 48,755,197	\$ 50,288,299	\$ 51,443,823	\$ 60,607,346	\$ 68,807,778
LIABILITIES					
Accounts payable	\$ 498,390	\$ 651,498	\$ 1,205,985	\$ 1,085,450	\$ 2,728,427
All other liabilities	2,139,693	2,953,183	1,608,057	1,740,695	3,854,250
TOTAL LIABILITIES	2,638,083	3,604,681	2,814,042	2,826,145	6,582,677
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	20,254,536	21,502,944	21,719,178	21,712,678	20,757,678
Unavailable revenue	978,302	864,183	747,820	629,258	508,273
Lease items	-	-	-	230,041	85,441
TOTAL DEFERRED INFLOWS OF RESOURCES	21,232,838	22,367,127	22,466,998	22,571,977	21,351,392
FUND BALANCES					
Nonspendable	3,738,890	2,889,849	2,023,377	1,067,140	76,447
Assigned	-	-	-	572,744	374,387
Unassigned	21,145,386	21,426,642	24,139,406	33,569,340	40,422,875
TOTAL FUND BALANCES	24,884,276	24,316,491	26,162,783	35,209,224	40,873,709
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 48,755,197	\$ 50,288,299	\$ 51,443,823	\$ 60,607,346	\$ 68,807,778

Note:

(1) See Note 1 to the "Combined Statement-All Funds" table for auditor's basis of accounting, etc.

Data Source

Village Records

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12
COMBINED STATEMENT - ALL FUNDS (1)
December 31, 2022

		<i>Fund Balances/Net Position</i>				
		2018	2019	2020	2021	2022
Governmental Fund Types						
General		\$ 24,884,276	\$ 24,316,491	\$ 26,221,531	\$ 35,209,224	\$ 40,873,709
Special Revenue		19,325,611	19,603,949	19,800,091	24,670,139	27,366,556
Debt Service		228,620	124,657	135,684	130,744	2,067,099
Capital Projects		10,817,419	11,354,671	10,805,047	12,134,442	12,516,610
		55,255,926	55,399,768	56,962,353	72,144,549	82,823,974
Proprietary Fund Types						
Enterprise Funds		60,270,076	64,597,840	70,336,830	73,866,956	78,581,018
Internal Service Funds		6,682,329	6,606,341	6,150,802	5,576,990	5,265,792
		66,952,405	71,204,181	76,487,632	79,443,946	83,846,810
Fiduciary Fund Types						
Pension Trust		141,589,194	170,479,283	194,042,918	219,586,212	190,234,577
Total All Funds (Memo Only)		\$ 263,797,525	\$ 297,083,232	\$ 327,492,903	\$ 371,174,707	\$ 356,905,361

		<i>Cash and Investments</i>				
		2018	2019	2020	2021	2022
Fund						
General		\$ 19,083,224	\$ 19,975,689	\$ 19,975,689	\$ 31,204,940	\$ 36,423,778
Special Revenue		16,648,905	17,924,211	17,924,211	28,003,355	29,849,833
Debt Service		228,620	124,657	124,657	130,744	1,681,940
Capital Projects		10,741,026	10,974,219	10,974,219	11,955,482	12,165,758
Enterprise Funds		15,771,557	17,909,059	17,909,059	19,220,142	17,059,033
Internal Service Funds		8,930,375	9,348,561	9,348,561	7,439,842	6,244,272
Pension Trust		141,231,470	169,673,169	169,673,169	219,193,877	6,749,322
Total All Funds (Memo Only)		\$ 212,635,177	\$ 245,929,565	\$ 245,929,565	\$ 317,148,382	\$ 110,173,936

Notes:

(1) These condensed financial statements for the years ending December 31, 2018 - 2022, have been prepared from the full Annual Comprehensive Financial Reports (ACFR) of the Village of Palatine and do not purport to be complete audits. The full financial statements, together with the report of the Village's independent accountants, are included herewith. The financial statements of the Village have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental funds are accounted for using the modified accrual basis of accounting, with revenues being recorded when they become measurable and available as net current assets and expenditures recognized when the related fund liability is incurred. The accrual basis of accounting is used for proprietary and pension trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. The Village's ACFR for the fiscal year ended December 31, 2022, included an unmodified "Report of Independent Auditors". Similar unmodified opinions were included in the Village's ACFRs for the fiscal years ended December 31, 2018 - 2021. The "Report of Independent Auditors" included in the latest audit states, in part: "In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Palatine, Illinois, as of December 31, 2022, and the results of operations and cash flows of its proprietary and similar trust fund types for the year then ended in conformity with generally accepted accounting principles."

Data Source

Village Records

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12

CAPITAL ASSETS

December 31, 2022

	Governmental Activities	Business- Type Activities
Land	\$ 11,565,020	\$ 4,858,690
Land - Rights of way	139,806,925	-
Machinery and equipment	13,043,000	2,838,680
Buildings and improvements	52,208,475	23,888,305
Streets	34,991,650	-
Bridges	1,596,735	-
Sanitary sewer system	-	28,956,625
Storm sewer system	-	34,574,025
Water system	-	36,135,870
	<hr/> 253,211,805	<hr/> 131,252,195
Less: Accumulated depreciation	<hr/> 47,632,465	<hr/> 81,570,835
Net investment in capital assets	<hr/> \$ 205,579,340	<hr/> \$ 49,681,360

Data Source

Village Records