

VILLAGE OF PALATINE, ILLINOIS



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED
DECEMBER 31, 2019

VILLAGE OF PALATINE, ILLINOIS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**For the Year Ended
December 31, 2019**

Prepared by the Finance Department

Paul D. Mehring, CPA
Director of Finance and Operations

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INTRODUCTORY SECTION

VILLAGE OF PALATINE, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2019

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

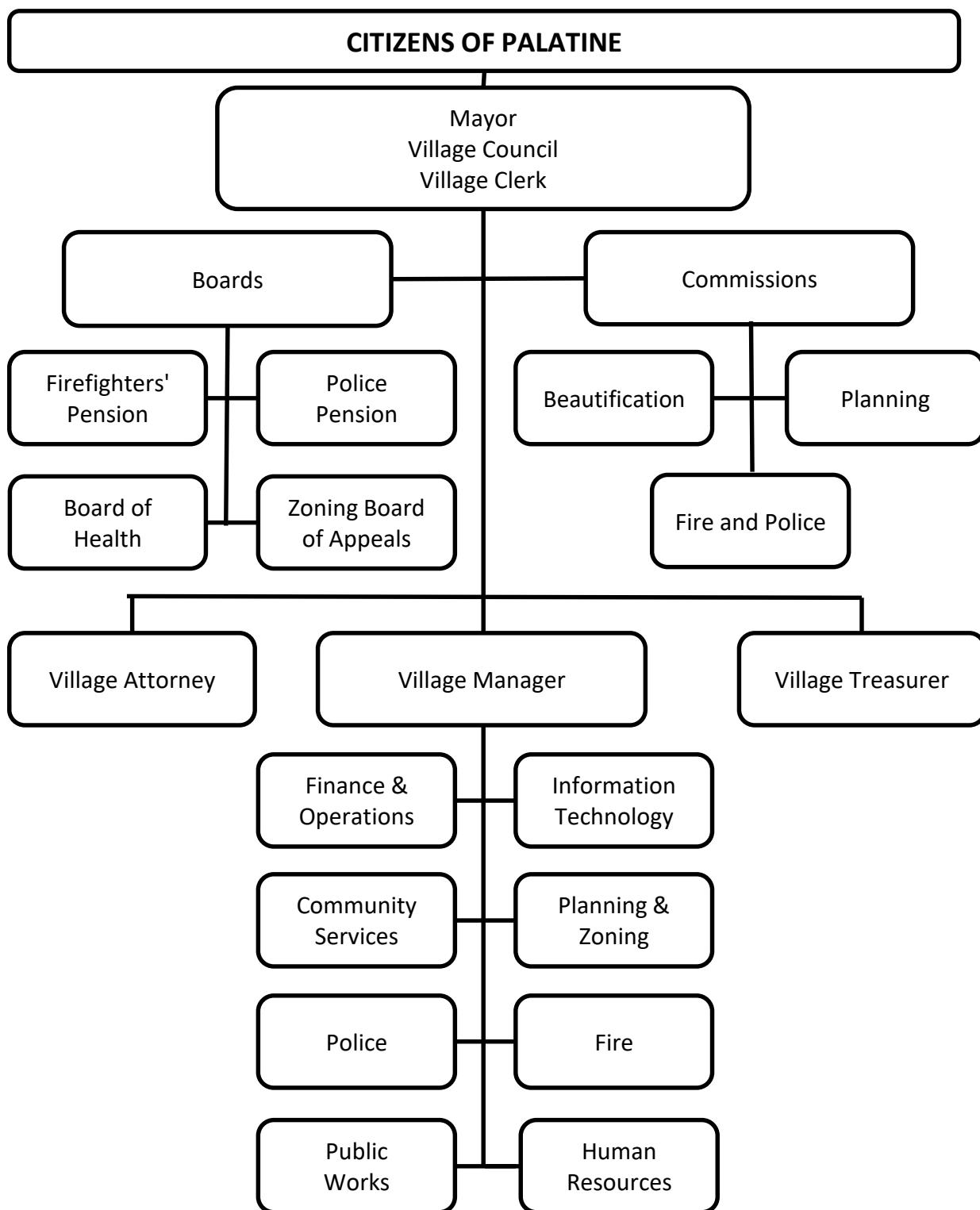
ADMINISTRATIVE

| | |
|-----------------|----------------------------------|
| Reid Ottesen | Village Manager |
| Patrick Brankin | Village Attorney |
| Jeffrey Boundy | Village Treasurer |
| Paul Mehring | Director of Finance & Operations |

VILLAGE OF PALATINE, ILLINOIS

ORGANIZATION CHART

December 31, 2019





Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Village of Palatine
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

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VILLAGE *of* PALATINE

DEPARTMENT OF FINANCE & OPERATIONS

200 E. Wood Street • Palatine, IL 60067-5339

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

www.palatine.il.us

May 1, 2020

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 comprehensive annual financial report of the Village of Palatine, Illinois for the calendar year ended December 31, 2019.

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 of 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, 2019, 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, 2019, 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 Government

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 68,557. 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, and Rand Road Corridor 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 90.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Village operates.

Local economy

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 2019 remained consistent with 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 2010 census, ranked the Village 59th in the State of Illinois and 34.4% 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 former AC Imports (Jaguar dealership) property was purchased by Studio 41. Studio 41 completed an extensive remodel of the building's interior to create a state-of-the-art showroom and sales facility, with the store opening in mid-December. The Palatine Plaza shopping center has landed several new tenants (including Pete & Mac's Pet Resort, Planet Fitness, and Amita Health Care) to fill the former Hobby Lobby space. The former HB Fuller site, roughly 18 acres, is currently under contract with a developer who is planning to redevelop the site with a 162,000 square foot warehouse/distribution center.

Rand and Dundee Corridors - The Napleton Automotive Group acquired the former Menards and Knupper Nursery properties to facilitate the relocation of their existing Subaru and Mazda dealerships in Arlington Heights to the site. The construction of the two new dealerships is complete and both dealerships are now open for business in Palatine. Another commercial development, near the intersection of Rand & Dundee Roads, was recently completed and contains a drive-through Palatine Bank & Trust and two multi-tenant commercial buildings (which includes Cousins Subs, T Mobile, and Aspen Dental). Lastly, the Village has had ongoing conversations with the owner of the Park Place shopping center regarding options related to the redevelopment/reconfiguration of portions of the property.

Other Areas – The Pride of Palatine gas station recently opened following their redevelopment of the property at the northwest corner of Roselle and Algonquin Roads. This development also includes several commercial/restaurant uses (such as TCBY and Urban Counter). The former Trace Labs property, located at 1150 W. Euclid Avenue, was recently purchased and will be the new home of several related businesses (Four Star Tool, Crystal Die & Mold, and JDI Plastics) that will be relocating to the site from their existing facility in Rolling Meadows.

Long-term financial planning

In addition to the economic development projects mentioned above, the Village has demonstrated a commitment to maintaining its infrastructure. In 2019, the Village spent over \$7.4 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 sanitary sewer) infrastructure. In 2009, the Village commissioned a Village-wide study and evaluation of the current state of its infrastructure in addition to looking out fifteen to 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 2019, over \$5.9 million to maintain and improve water and sanitary 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.

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 comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2018. This was the 19th 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 CAFR. 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 CAFR 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
Director of Finance and Operations

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FINANCIAL SECTION

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SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Palatine, Illinois, (the Village) as of and for the year ended December 31, 2019, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Northwest Water Commission, which represents 33.31%, 38.74%, and 5.79%, respectively, of the assets, net position/net assets, 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Palatine, Illinois, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, the supplementary information and statistical section, 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, as well as the 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 1, 2020 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is 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 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 1, 2020

General Purpose External Financial Statements

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

The Village of Palatine (the “Village”) Management’s 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.

Since the MD&A is designed to focus on the current year’s activities, resulting changes, and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page iv) and the Village’s financial statements (beginning on page 3).

Financial Highlights

- The Village’s net position increased by \$5.4 million (3.5%) during the current year. The governmental net position increased by \$1.1 million and the business-type activities net position increased by \$4.3 million.
- The Village’s combined Governmental Funds ending fund balance increased \$0.1 million (0.2%).
- At the end of the current year, fund balance for the General Fund decreased by \$0.6 million (2.3%) to \$24.3 million or 42.3% of actual calendar year 2019 General Fund expenditures.
- The Village called and redeemed \$3,000,000 of outstanding general obligation bonds from current resources resulting in a reduction of \$3.2 million in future debt service payments and a \$200,000 savings in interest costs.
- The Village contributed \$925,363 more than the combined actuarially required contribution for the PPERS and FPERS to increase the amortization of the net pension liability beyond the actuarially calculated amount.

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL REPORT

The financial statements’ focus is on both the Village as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government), and enhance the Village’s accountability.

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-Wide Financial Statements

The government-wide financial statements (see pages 4-6) are designed to emulate the corporate sector in that all governmental and business-type activities are consolidated into columns that add to a total for the Primary Government. The focus of the Statement of Net Position ("the Unrestricted Net Position") (see page 4) is designed to be similar to bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities (see pages 5-6) is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the Village's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various government services and/or subsidy to various business-type activities.

The Governmental Activities reflect the Village's basic services, including police, fire, public works, community development, and general administration. Property taxes, shared State sales taxes, local utility taxes, shared State income taxes, and home rule sales taxes finance the majority of these activities. The Business-Type Activities reflect private sector-type operations (Refuse Collection Fund, Waterworks Fund, Sewerage Fund and the Motor Vehicle Parking System Fund), where the fee for service typically covers all or most of the cost of operation, including depreciation.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fund Financial Statement allows the demonstration of sources and uses and/or budgeting compliance associated therewith. All the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

The governmental major fund presentation (see pages 6-11) is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. The focus of governmental funds is narrower than that of the government-wide financial statements. The Village maintains 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Downtown TIF Fund, Rand Road Corridor TIF Fund, and General Obligation Bond

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds

The Village maintains two different types of proprietary funds. Enterprise Funds are used to report the same functions presented in business-type activities in the government-wide financial statements. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the Village's various functions. The Village uses internal service funds to account for its fleet operations and self-insurance programs.

Proprietary fund financial statements (see pages 13-18) provide the same type of information as the government-wide financial statements, only in more detail. The Waterworks Fund, Sewerage Fund, and Motor Vehicle Parking System Fund are considered major funds of the Village and are presented in a separate column in the Fund Financial Statements. The Refuse Collection Fund is the Village's only non-major enterprise fund; however, it is also presented in a separate column in the Fund Financial Statements. The Internal Service Funds are combined in a single, aggregate presentation in the proprietary fund financial statements. Individual fund data for the Internal Service Funds is presented elsewhere in the report.

Fiduciary Funds

The Fund Financial Statements also allow the government to address its Fiduciary Funds (Police Pension Fund, Firefighters Pension Fund, and Custodial Funds, see pages 19-20). While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide statements.

The governmental fund financial statements provide a reconciliation to facilitate the comparison between the governmental funds and governmental activities on the government-wide financial statement. The governmental funds total column requires reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement (see pages 9 and 12). The flow of current financial resources reflects bond proceeds and interfund transfers as other financial sources, as well as capital expenditures and bond principal payments as expenditures. The reconciliation eliminates these transactions and incorporates the capital assets and long-term obligation (bond and others) into the governmental activities column (in the government-wide statements). The reconciliation also includes the Internal Service Funds' activities given that the Internal Service Funds serve primarily the governmental funds.

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Notes to the Financial Statements

The 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 21-75 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including the major governmental fund budgetary schedules and data concerning the Village's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 76-90 of this report. The combining and individual fund statements for non-major governmental, enterprise, and internal service funds are presented on pages 91-117 of this report, immediately following the required supplementary information.

Infrastructure Assets

The Village has chosen to depreciate infrastructure assets over their useful life. If a road project is considered a recurring cost that does not extend the road's original useful life or expand its capacity, the cost of the project will be expensed. An "overlay" of a road will be considered maintenance whereas a "rebuild" of a road will be capitalized.

GOVERNMENT-WIDE STATEMENT

Statement of Position

The Village's combined net position increased by \$5.4 million (3.5%) during the current year. The following analysis will look at net position of the governmental and business-type activities separately. The total net position for governmental activities was \$93.4 million, a \$1.1 million (1.2%) increase. The business-type activities net position was \$64.5 million, a \$4.2 million (7.0%) increase from the prior year. The following table reflects the condensed statement of net position for the current and prior years (presented in millions):

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

| | Current Year | | | Prior Year | | |
|----------------------------------|-------------------------------|---------------------------------|--------------|-------------------------------|---------------------------------|--------------|
| | Govern- ment Activities | Business- type Activities | Total | Govern- ment Activities | Business- type Activities | Total |
| | | | | | | |
| Current and other assets | 92.9 | 33.6 | 126.5 | 91.3 | 30.9 | 122.2 |
| Capital assets | 206.6 | 44.1 | 250.7 | 208.0 | 43.7 | 251.7 |
| Total Assets | 299.5 | 77.7 | 377.2 | 299.3 | 74.6 | 373.9 |
| Deferred outflows of resources | 20.5 | 2.0 | 22.5 | 22.5 | 0.4 | 22.9 |
| Noncurrent liabilities | 184.7 | 12.7 | 197.4 | 189.2 | 12.3 | 201.5 |
| Other liabilities | 5.3 | 2.2 | 7.5 | 4.4 | 1.6 | 6.0 |
| Total liabilities | 190.0 | 14.9 | 204.9 | 193.6 | 13.9 | 207.5 |
| Deferred inflows of resources | 36.6 | 0.2 | 36.8 | 35.9 | 0.8 | 36.7 |
| Net position | | | | | | |
| Net investment in capital assets | 173.5 | 34.2 | 207.7 | 168.7 | 32.3 | 201.0 |
| Restricted | 6.7 | - | 6.7 | 3.9 | - | 3.9 |
| Unrestricted | (86.8) | 30.4 | (56.4) | (80.3) | 28.0 | (52.3) |
| Total net position | 93.4 | 64.6 | 158.0 | 92.3 | 60.3 | 152.6 |

For more detailed information see the statement of net position (page 4).

Normal Impacts on Net Position

There are six basic (normal) transactions that will affect the comparability of the statement of net position summary presentation.

Net Results of Activities - which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital - which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital - which will reduce current assets and increase capital assets. There is a second impact, an increase in net investment in capital assets and an increase in related net debt, which will not change the net investment in capital assets.

Spending of Nonborrowed Current Assets on New Capital - which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net position and increase net investment in capital assets.

Principal Payment on Debt - which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase net investment in capital assets.

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Reduction of Capital Assets through Depreciation - which will reduce capital assets and net investment in capital assets.

Current Year Impacts

The Village's \$5.3 million increase of combined net position (which is the Village's bottom line) was the result of the governmental activities net position increasing by \$1.1 million and the business-type activities net position increasing by \$4.2 million.

Governmental Activities

Total assets increased by \$0.2 million mainly reflecting a \$2.7 million increase in cash and investments reflecting a planned accumulation of resources for economic development activities and capital projects, a \$0.9 increase mainly due to intergovernmental receivables reflecting increased resource allocations from other governments, a decrease of \$2.0 million in land held for resale resulting from fair value decreases, and a \$1.4 million decrease in depreciable capital assets due to current year depreciation exceeding current year capital additions. Deferred outflows of resources decreased by \$2.0 million and deferred inflows of resources increased by \$0.7 million related to pensions and OPEB. Total liabilities decreased by \$3.6 million reflecting an \$0.8 million increase in current liabilities representing operational liabilities (accounts payable, accrued payroll, and due to fiduciary funds) that were liquidated in the following month, an \$8.6 million decrease in bonds due an early redemption and regularly scheduled bond principal reductions, a \$0.5 increase in claims payable due to workers compensation, and a \$3.7 million increase in net pension and net OPEB liabilities.

Business-Type Activities

Total assets increased by \$3.1 million mainly reflecting a \$2.1 million increase in cash and investments reflecting a planned accumulation of resources for capital projects, a \$0.7 increase in the Village's investment in joint venture, and a \$0.3 million increase in capital assets resulting from capital additions exceeding depreciation expense. Deferred outflows of resources increased by \$1.1 million and deferred inflows of resources decreased by \$0.6 million related to pensions, OPEB, and asset retirement obligations. Total liabilities increased by \$1.0 mainly reflecting a \$0.5 million increase in operational liabilities (accounts payable and accrued payroll) that were liquidated in the following month, a \$1.5 million decrease from regularly scheduled bond principal reductions during the year and a \$2.1 million increase in net pension obligation, OPEB, and asset retirement liabilities.

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Changes in Net Position

The Village's combined change in net position of \$5.3 million increased by \$2.1 million from the prior year. The Village's total revenues increased by \$4.8 million, while the cost of all programs increased by \$2.7 million. The following chart shows the revenue and expenses of the Village's activities (presented in millions):

| | Current Year | | | Prior Year | | |
|--|---------------------------------|---------------------------------|--------------|---------------------------------|---------------------------------|--------------|
| | Govern- mental Activities | Business- type Activities | Total | Govern- mental Activities | Business- type Activities | Total |
| | | | | | | |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | 12.9 | 21.4 | 34.3 | 12.3 | 20.7 | 33.0 |
| Operating grants | 3.1 | - | 3.1 | 2.9 | 0.5 | 3.4 |
| Capital grants and contributions | 1.0 | 0.7 | 1.7 | - | - | - |
| General revenues | | | | | | |
| Property taxes | 35.6 | - | 35.6 | 34.8 | - | 34.8 |
| Other taxes | 9.2 | - | 9.2 | 9.6 | - | 9.6 |
| Other revenues | 20.8 | 0.4 | 21.2 | 18.8 | 0.6 | 19.4 |
| Total revenues | 82.6 | 22.5 | 105.1 | 78.4 | 21.8 | 100.2 |
| Expenses | | | | | | |
| Governmental activities | | | | | | |
| General government | 4.9 | - | 4.9 | 4.8 | - | 4.8 |
| Public safety | 53.8 | - | 53.8 | 53.4 | - | 53.4 |
| Public works | 12.9 | - | 12.9 | 10.7 | - | 10.7 |
| Economic development | 8.4 | - | 8.4 | 6.7 | - | 6.7 |
| Interest & fiscal charges | 2.2 | - | 2.2 | 2.7 | - | 2.7 |
| Business-type activities | | | | | | |
| Waterworks | - | 7.9 | 7.9 | - | 9.1 | 9.1 |
| Sewerage | - | 3.4 | 3.4 | - | 3.8 | 3.8 |
| Refuse collection | - | 1.6 | 1.6 | - | 1.3 | 1.3 |
| Motor vehicle parking | - | 4.6 | 4.6 | - | 4.5 | 4.5 |
| Total expenses | 82.2 | 17.5 | 99.7 | 78.3 | 18.7 | 97.0 |
| Change in net position before transfers | 0.4 | 5.0 | 5.4 | 0.1 | 3.1 | 3.2 |
| Transfers | 0.7 | (0.7) | - | 0.7 | (0.7) | - |
| Change in net position | 1.1 | 4.3 | 5.4 | 0.8 | 2.4 | 3.2 |
| Net position, beginning | 92.3 | 60.3 | 152.6 | 91.5 | 57.9 | 149.4 |
| Net position, ending | 93.4 | 64.6 | 158.0 | 92.3 | 60.3 | 152.6 |

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Normal Impacts

There are eight basic impacts on revenues and expenses as reflected below.

Revenues:

Economic Condition - which can reflect a declining, stable, or growing economic environment and has a substantial impact on state income, sales, and utility tax revenue as well as public spending habits for building permits, elective user fees, and volumes of consumption.

Increase/Decrease in Village-Approved Rates - while certain tax rates are set by statute, the Village Council has significant authority to impose and periodically increase/decrease rates (property taxes, water, sewer, impact fees, building fees, home rule sales tax, prepared food tax, etc.)

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and nonrecurring) - certain recurring revenues (State-shared revenues, etc.) may experience significant changes periodically while nonrecurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

Market Impacts on Investment Income - the Village's investment portfolio is managed using a similar average maturity to most governments. Market conditions may cause investment income to fluctuate.

Expenses:

Introduction of New Programs - within the functional expense categories (General Government, Public Safety, and Public Works, etc.), individual programs may be added or deleted to meet changing community needs.

Increase in Authorized Personnel - changes in service demand may cause the Village Council to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent 80% of the Village's General Fund and 30% Water Fund and Sewer Fund operating costs.

Salary Increases (annual adjustments and merit) - the ability to attract and retain human and intellectual resources requires the Village to strive to approach a competitive salary range position in the marketplace.

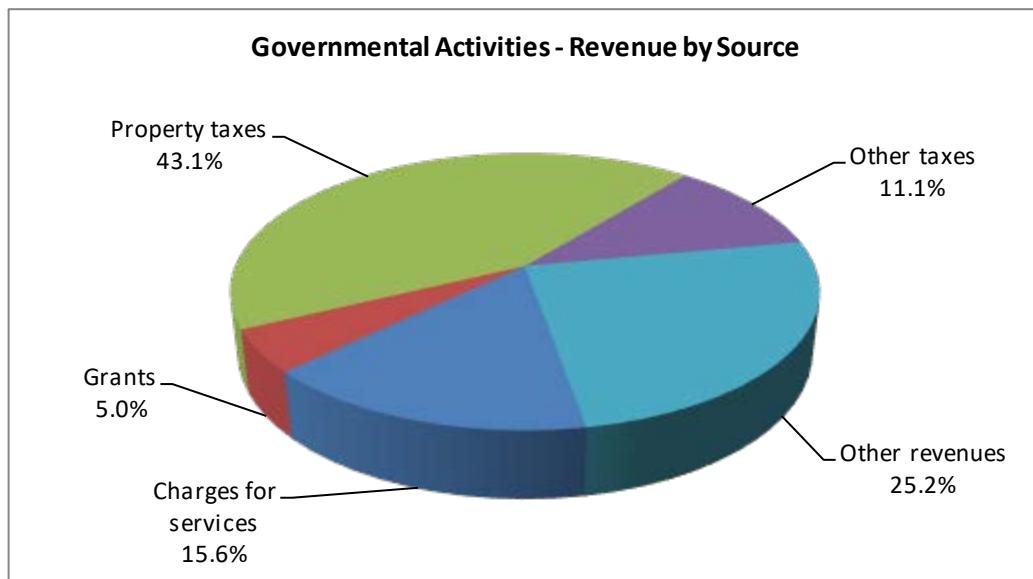
Inflation - while overall inflation appears to be reasonably modest, the Village is a major consumer of certain commodities such as supplies, fuels, and parts. Some functions may experience unusual commodity-specific increases.

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Current Year Impacts

Governmental Activities

Revenues:



For the current year, revenues from Governmental Activities totaled \$82.6 million, an increase of \$4.2 million (5.4%). Property taxes continue to be the Village's largest revenue source coming in at \$35.6 million and representing 43.1% of total Governmental Activity revenue. Other revenues, representing support from other governmental agencies (mainly shared revenue from the State of Illinois), provide 25.2% of total governmental revenues.

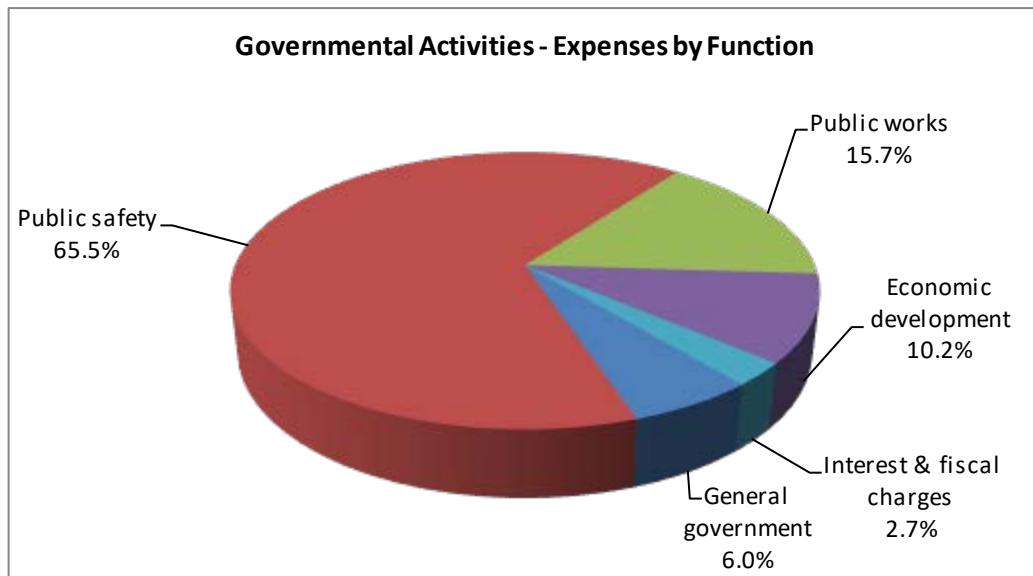
General revenues (property taxes, other taxes, and other revenues) increased by \$2.4 million mainly due to increased state income tax, increased investment income, and increased TIF Surplus declared by the Village's tax increment financing districts.

The charges for services category increase of \$0.6 million results from general rate increases and an increase in discretionary services that relate directly to improving economic conditions.

Grants and Contributions increased by \$1.2 million resulting from increased Community Development Block Grant funding and increased Federal Highway Construction Grant funding.

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Expenses



For the current year, expenses from Governmental Activities totaled \$82.2 million, which represents a \$3.9 million (5.0%) increase from the prior year.

General government expenses experienced an increase of \$0.1 million (2.1%) related to pensions and OPEB.

Public safety expenses show an increase of \$0.4 million (0.7%) related to pensions and OPEB.

Public works expenses show an increase of \$2.2 million (20.6%) mainly due to an increase in capital maintenance activities.

Economic development activities show an increase of \$1.7 million (25.4%), which reflects an increase in TIF Surplus declarations within the Village's tax increment financing districts.

Interest and fiscal charges reflect a \$0.5 million (18.5%) decrease related to scheduled debt service requirements.

Business-Type Activities

Revenues

Total revenue for the business-type activities experienced a \$0.6 million (2.8%) increase in the current year, which was due to capital contributions from the Community Development Block Grant Fund.

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Expenses

Business-type activity total expenses decreased by \$1.2 million, which was mainly a result of a decrease of \$1.0 due to increased asset capitalizations, and a \$0.2 million decrease related to pensions and OPEB.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental Funds

The Governmental Funds (as presented on pages 7-12) reported a combined total fund balance of \$55.4 million, which is a \$0.1 million increase from the prior year balance of \$55.3 million. This increase is mainly attributable the planned accumulation of resources in the Village's capital projects funds. The total fund balance of \$55.4 million is comprised of the following components:

Nonspendable Fund Balance of \$2.9 million represents the portion of fund balance that is not available to be spent, either short-term or long-term, in form: \$2.8 million for advances and \$0.1 for prepaid items.

Restricted Fund Balance totaling \$19.7 million represents the portion of fund balance that is subject to external enforceable legal restrictions: \$1.2 million for highways and streets; \$0.1 million for debt service; \$1.0 million for public safety; and \$17.4 million for economic development.

Assigned Fund Balance in the amount of \$11.4 million for capital projects represents the portion of fund balance denoted for an intended use of resources, or for all remaining fund balance in non-General funds that cannot be categorized above.

Unassigned Fund Balance of \$21.4 million that represents available expendable financial resources that are not the object of tentative management plan. In the General Fund, this includes the operating reserves and the "Economic Stabilization" reserve as defined in the Village's adopted Reserve Policy.

The General Fund is the Village's primary operating fund and the largest source of day-to-day service delivery. The General Fund's total fund balance decreased by \$0.6 million from the prior year; the fund balance for the prior year showed an increase of \$1.6 million. Revenues increased by \$2.1 million and expenditures increased by \$2.1 million, resulting in no change in results from operations compared to the prior year, both before other financing uses (transfers). Net financing sources (uses) increased by \$2.1 million, which had a negative effect on fund balance.

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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> |
| | \$ | \$ | \$ | \$ | \$ |
| Revenues | \$ 56.9 | \$ 57.8 | \$ 59.1 | \$ 57.0 | |
| Expenditures | 57.3 | 57.9 | 56.8 | 54.7 | |
| Excess (deficiency) of revenues over expenditures | (0.3) | (0.1) | 2.3 | 2.3 | |
| Other financing sources (uses) | - | (2.9) | (2.9) | (0.8) | |
| Net change in fund balance | \$ (0.3) | \$ (3.0) | \$ (0.6) | \$ 1.5 | |

In total, the General Fund's "key" revenues increased from the prior year and include:

| | <i>Current Year</i> | <i>Prior Year</i> | <i>Increase/(Decrease)</i> |
|---------------------|---------------------|-------------------|----------------------------|
| Property tax | \$ 19.9 | \$ 19.6 | \$ 0.3 |
| State sales tax | 8.2 | 8.2 | - |
| Home rule sales tax | 4.3 | 4.4 | (0.1) |
| State income tax | 7.3 | 6.6 | 0.7 |

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. General fund expenditures were \$2.1 million higher than the prior year mainly due to increased personnel costs as a result of regular wage, health insurance, and pension contribution increases and a decrease in supplies and services expenditures.

General Fund actual revenues and actual expenditures were \$1.3 million higher and \$1.1 million lower than the final budgeted amounts, respectively. Approximately ninety percent of the expenditure budget variance was due to decreased actual spending from vacant positions and the other ten percent was due to consciously controlled spending on supplies and services.

The Downtown TIF Fund experienced a positive net change in fund balance in the amount of \$0.7 million due to increased incremental property tax revenues, as a result of increasing property values within the redevelopment district. The Rand Road Corridor TIF had a negative net change in fund balance of \$0.2 million due to the net effect of decreased debt service requirements and an increase in economic development activities. The General Obligation Bond Fund experienced a \$0.1 decrease in fund balance as a result of the early redemption of a bond issue.

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Proprietary Funds

The Enterprise Funds' (as presented on pages 13-18) total net position increased by \$4.3 million (7.1%). This increase is primarily due to a \$5.1 million increase in the Waterworks and Sewerage Funds from continued strong revenues from prior years' rate increases and increased asset capitalizations; a slight \$0.1 decrease in the Refuse Collection Fund from a planned draw on accumulated reserves; and a \$0.7 million decrease in the Motor Vehicle Parking Fund mainly due to depreciation of capital assets.

CAPITAL ASSETS

The Village's investment in capital assets for its governmental and business-type activities amounts to \$250.7 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 \$1.2 million net decrease (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 \$1.5 million and net capital assets for business-type activities increased from last year by \$0.3. The change in net capital assets for governmental activities was due mainly to net depreciation exceeding capital additions and for the business-type activities was the result of capital additions exceeding net depreciation.

DEBT OUTSTANDING

In calendar year 2019, the Village did not issue any general obligation bonds. However, the Village called and redeemed \$3,000,000 of outstanding general obligation bonds from current resources, resulting in a reduction of \$200,000 in future interest payments.

The Village currently has eleven general obligation bond series and one tax increment revenue limited obligation redevelopment notes series outstanding. \$54.3 million of general obligation bonds and \$0.1 million of tax increment revenue limited obligation redevelopment notes are currently outstanding.

\$18.2 million (33.5%) of the \$54.3 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.

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Additional information of the Village's long-term debt can be found in the Notes to the Financial Statements on pages 36-40.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Village's composition is primarily residential with a smaller commercial component. The property tax revenue derived from the residential, commercial, and industrial properties is exceedingly stable. State revenues are beginning to stabilize from previous years' levels. Sales tax revenues continue to show relative stability due to the mix of businesses that generate the revenue. The commercial component includes building material sales, restaurants, and other food and retail businesses.

The Fiscal Year 2019 budget includes a \$225,000 (1%) increase in the property tax levy, which is only the second increase in the last eight years. This increase was largely due to increasing pension costs. Sales taxes are projected to increase 3.0% based on actual results from 2019 and the assumption that the economy will continue to grow slowly to moderately; however, this projection also considers known economic development activities that will impact sales tax. Building permit revenues and planning and inspection fees are projected to decrease slightly due to the decreased activity in the housing market. State income tax revenue is forecasted to increase slightly despite the State's 5% reduction from the full amount shared in prior years. The Village will be closely monitoring this revenue and all other State-shared sources and any discussions/deliberations regarding its further reduction and react accordingly. A combined \$0.20 (3.6%) increase in base water and sewer rates and a \$1.00 decrease in refuse rates were included in the budget, but no increase in commuter parking lot fees have been included.

Budgeted expenditures include increases due to salary adjustments, which are part of employee labor agreements, and health and liability insurance costs. Pension costs are also expected to increase due to the general state of the financial markets. Expenditures for commodities and other contractual services in most instances have been held flat. The budget includes economic development projects within the Village's Tax Increment Financing Districts.

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continued to spread rapidly. The economic impact of the State of Illinois' Executive Order imposing "stay at home" restrictions will be widespread and last for several years. As a result, the Village has already begun planning for the decline in revenues and increase in expenditures that will impact the Village in 2020 and beyond. Management believes that the strong financial position of the Village headed into this event will lessen the direct impact in 2020. Management will continue to carefully monitor the situation and evaluate its options for the current year and following year's budgetary position as the situation continues to unfold.

VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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, Director of Finance and Operations, Village of Palatine, 200 E. Wood Street, Palatine, IL 60067.

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VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2019

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|-----------------------|
| ASSETS | | | |
| Cash and investments | \$ 58,347,337 | \$ 17,909,059 | \$ 76,256,396 |
| Receivables (net, where applicable, of allowances for uncollectibles) | | | |
| Property taxes | 23,013,432 | - | 23,013,432 |
| Accounts | - | 1,929,230 | 1,929,230 |
| Other | 923,231 | 60,281 | 983,512 |
| Due from other governments | 5,802,768 | - | 5,802,768 |
| Accrued interest | 430,580 | 144,330 | 574,910 |
| Prepaid items | 72,764 | - | 72,764 |
| Inventories | 205,775 | - | 205,775 |
| Land held for resale | 4,082,000 | - | 4,082,000 |
| Investment in joint venture | | | |
| Northwest Water Commission | - | 13,584,990 | 13,584,990 |
| Capital assets not being depreciated | 151,371,945 | 4,858,690 | 156,230,635 |
| Capital assets being depreciated (net of accumulated depreciation) | 55,217,095 | 39,209,544 | 94,426,639 |
| Total assets | 299,466,927 | 77,696,124 | 377,163,051 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Unamortized loss on refunding | 170,165 | 124,815 | 294,980 |
| Asset retirement obligation items | - | 495,000 | 495,000 |
| Pension items | 18,441,180 | 1,341,113 | 19,782,293 |
| OPEB items | 1,855,525 | 37,096 | 1,892,621 |
| Total deferred outflows of resources | 20,466,870 | 1,998,024 | 22,464,894 |
| LIABILITIES | | | |
| Accounts payable | 1,063,891 | 1,634,072 | 2,697,963 |
| Accrued payroll | 1,677,157 | 78,671 | 1,755,828 |
| Accrued interest payable | 207,255 | 29,125 | 236,380 |
| Due to fiduciary funds | 439,919 | - | 439,919 |
| Deposits payable | 876,358 | 324,399 | 1,200,757 |
| Claims payable | 996,312 | - | 996,312 |
| Unearned revenues | 11,370 | 144,140 | 155,510 |
| Noncurrent liabilities | | | |
| Due within one year | 5,763,782 | 1,628,221 | 7,392,003 |
| Due in more than one year | 178,909,486 | 11,060,513 | 189,969,999 |
| Total liabilities | 189,945,530 | 14,899,141 | 204,844,671 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Property tax revenue | 22,996,834 | - | 22,996,834 |
| Pension items | 12,944,631 | 183,524 | 13,128,155 |
| OPEB items | 682,422 | 13,643 | 696,065 |
| Total deferred inflows of resources | 36,623,887 | 197,167 | 36,821,054 |
| NET POSITION | | | |
| Net investment in capital assets | 173,519,488 | 34,213,539 | 207,733,027 |
| Restricted for | | | |
| Streets and highways | 1,193,809 | - | 1,193,809 |
| Public safety | 1,036,603 | - | 1,036,603 |
| Economic development | 4,429,163 | - | 4,429,163 |
| Unrestricted | (86,814,683) | 30,384,301 | (56,430,382) |
| TOTAL NET POSITION | \$ 93,364,380 | \$ 64,597,840 | \$ 157,962,220 |

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

| FUNCTIONS/PROGRAMS | Program Revenues | | | |
|--------------------------------|----------------------|-------------------------|--------------------------|---------------------|
| | Expenses | Charges for Services | Grants and Contributions | |
| | | | Operating | Capital |
| PRIMARY GOVERNMENT | | | | |
| Governmental Activities | | | | |
| General government | \$ 4,927,957 | \$ 3,176,329 | \$ - | \$ - |
| Public safety | 53,810,869 | 7,187,378 | 338,474 | - |
| Public works | 12,901,798 | 2,484,425 | 2,261,264 | 1,033,112 |
| Economic development | 8,404,890 | - | 163,217 | - |
| Interest and fiscal charges | 2,139,900 | - | 350,238 | - |
| Total governmental activities | <u>82,185,414</u> | <u>12,848,132</u> | <u>3,113,193</u> | <u>1,033,112</u> |
| Business-Type Activities | | | | |
| Waterworks | 7,867,493 | 11,743,045 | - | 704,840 |
| Sewerage | 3,406,455 | 4,363,320 | - | - |
| Motor vehicle parking system | 1,549,161 | 711,700 | - | - |
| Refuse collection | 4,641,663 | 4,574,031 | - | - |
| Total business-type activities | <u>17,464,772</u> | <u>21,392,096</u> | <u>-</u> | <u>704,840</u> |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 99,650,186</u> | <u>\$ 34,240,228</u> | <u>\$ 3,113,193</u> | <u>\$ 1,737,952</u> |

See accompanying notes to financial statements.

| Net (Expense) Revenue and Change in Net Position | | | | |
|--|---------------|--------------------------|----------------|--------------|
| Primary Government | | | | |
| Governmental Activities | | Business-Type Activities | | Total |
| | | | | |
| \$ (1,751,628) | \$ - | \$ (1,751,628) | | |
| (46,285,017) | | - (46,285,017) | | |
| (7,122,997) | | - (7,122,997) | | |
| (8,241,673) | | - (8,241,673) | | |
| (1,789,662) | | - (1,789,662) | | |
| | | (65,190,977) | - | (65,190,977) |
| | | | | |
| | - | 4,580,392 | | 4,580,392 |
| | - | 956,865 | | 956,865 |
| | - | (837,461) | | (837,461) |
| | - | (67,632) | | (67,632) |
| | - | 4,632,164 | | 4,632,164 |
| | | (65,190,977) | 4,632,164 | (60,558,813) |
| | | | | |
| General Revenues | | | | |
| Taxes | | | | |
| Property | 35,631,269 | | - | 35,631,269 |
| Home rule sales | 4,252,692 | | - | 4,252,692 |
| Telecommunications | 1,214,776 | | - | 1,214,776 |
| Electric utility use | 2,225,106 | | - | 2,225,106 |
| Other | 1,518,712 | | - | 1,518,712 |
| State shared sales taxes (unrestricted) | 10,461,255 | | - | 10,461,255 |
| State shared income tax (unrestricted) | 7,297,142 | | - | 7,297,142 |
| Other intergovernmental revenues (unrestricted) | 889,609 | | - | 889,609 |
| Investment income | 1,500,877 | 376,534 | | 1,877,411 |
| Miscellaneous | 568,062 | 18,566 | | 586,628 |
| Transfers | 699,500 | (699,500) | | - |
| | | | | |
| Total | 66,259,000 | (304,400) | | 65,954,600 |
| | | | | |
| CHANGE IN NET POSITION | | | | |
| | 1,068,023 | | 4,327,764 | 5,395,787 |
| | | | | |
| NET POSITION, JANUARY 1 | 92,296,357 | | 60,270,076 | 152,566,433 |
| | | | | |
| NET POSITION, DECEMBER 31 | \$ 93,364,380 | \$ 64,597,840 | \$ 157,962,220 | |

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2019

| | General | Downtown TIF | Rand Road Corridor TIF | General Obligation Bond | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|---------------------|---------------------------|-------------------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | | | |
| Cash and investments | \$ 19,975,689 | \$ 4,049,550 | \$ 9,663,346 | \$ 124,657 | \$ 15,185,534 | \$ 48,998,776 |
| Receivables (net, where applicable, of allowances for uncollectibles) | | | | | | |
| Property taxes | 21,502,944 | 16,598 | - | 1,493,890 | - | 23,013,432 |
| Other | 881,082 | - | - | - | 4,429 | 885,511 |
| Due from other governments | 4,896,865 | - | - | - | 905,903 | 5,802,768 |
| Accrued interest | 122,305 | 11,955 | 100,735 | - | 123,930 | 358,925 |
| Due from other funds | 19,565 | - | - | - | - | 19,565 |
| Prepaid items | 72,764 | - | - | - | - | 72,764 |
| Land held for resale | - | 4,082,000 | - | - | - | 4,082,000 |
| Advance to other funds | 2,817,085 | - | - | - | - | 2,817,085 |
| TOTAL ASSETS | \$ 50,288,299 | \$ 8,160,103 | \$ 9,764,081 | \$ 1,618,547 | \$ 16,219,796 | \$ 86,050,826 |

See accompanying notes to financial statements.

| | General | Downtown TIF | Rand Road Corridor TIF | General Obligation Bond | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|---------------------------|-------------------------------|-----------------------------------|--------------------------------|
| LIABILITIES | | | | | | |
| Accounts payable | \$ 651,498 | \$ 31,750 | \$ 2,037 | \$ - | \$ 262,572 | \$ 947,857 |
| Accrued payroll | 1,636,906 | - | - | - | 10,981 | 1,647,887 |
| Due to other funds | - | - | - | - | 19,565 | 19,565 |
| Due to fiduciary funds | 439,919 | - | - | - | - | 439,919 |
| Deposits payable | 876,358 | - | - | - | - | 876,358 |
| Unearned revenues | - | - | - | - | 11,370 | 11,370 |
| Advance from other funds | - | 2,817,085 | - | - | - | 2,817,085 |
| Total liabilities | 3,604,681 | 2,848,835 | 2,037 | - | 304,488 | 6,760,041 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Property tax revenue | 21,502,944 | - | - | 1,493,890 | - | 22,996,834 |
| Unavailable revenue - Park District loan | 864,183 | - | - | - | 30,000 | 894,183 |
| Total deferred inflows of resources | 22,367,127 | - | - | 1,493,890 | 30,000 | 23,891,017 |
| FUND BALANCES | | | | | | |
| Nonspendable in form - prepaid items | 72,764 | - | - | - | - | 72,764 |
| Nonspendable in form - advances | 2,817,085 | - | - | - | - | 2,817,085 |
| Restricted for streets and highways | - | - | - | - | 1,193,809 | 1,193,809 |
| Restricted for debt service | - | - | - | 124,657 | - | 124,657 |
| Restricted for public safety | - | - | - | - | 1,036,603 | 1,036,603 |
| Restricted for economic development | - | 5,311,268 | 9,762,044 | - | 2,300,225 | 17,373,537 |
| Unrestricted | | | | | | |
| Assigned for capital projects | - | - | - | - | 11,354,671 | 11,354,671 |
| Unassigned | 21,426,642 | - | - | - | - | 21,426,642 |
| Total fund balances | 24,316,491 | 5,311,268 | 9,762,044 | 124,657 | 15,885,308 | 55,399,768 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | |
| | \$ 50,288,299 | \$ 8,160,103 | \$ 9,764,081 | \$ 1,618,547 | \$ 16,219,796 | \$ 86,050,826 |

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, 2019

| FUND BALANCES OF GOVERNMENTAL FUNDS | | \$ 55,399,768 |
|--|----|---------------|
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Long-term intergovernmental receivables are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the governmental funds | | 894,183 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds | | 206,589,040 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds | | (45,074,374) |
| 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 | | 20,560 |
| 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 | | (1,130,277) |
| Charges on refundings are reported as a deferred outflow of resources on the statement of net position | | 170,165 |
| Accrued interest on long-term debt is reported as a liability on the statement of net position | | (207,255) |
| Compensated absences payable is not due and payable in the current period and, therefore, is not reported in governmental funds | | (1,386,180) |
| Less compensated absences payable reported in internal service funds | | 50,165 |
| The net position of internal service funds is included in the governmental activities in the statement of net position | | 6,606,341 |
| The following items related to OPEB are not current financial resources and, therefore, are not reported in the governmental funds | | |
| Deferred outflows | | 1,855,525 |
| Less deferred outflows reported in internal service funds | | (5,678) |
| Deferred inflows | | (682,422) |
| Less deferred inflows reported in internal service funds | | 2,088 |
| Net OPEB liability | | (15,073,474) |
| Less net OPEB liability reported in internal service funds | | 46,124 |
| The following items related to pensions are not current financial resources and, therefore, are not reported in the governmental funds | | |
| Deferred outflows | | 18,441,180 |
| Less deferred outflows reported in internal service funds | | (448,795) |
| Deferred inflows | | (12,944,631) |
| Less deferred inflows reported in internal service funds | | 61,093 |
| Net pension liability | | (120,431,303) |
| Less net pension liability reported in internal service funds | | 612,537 |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | \$ | 93,364,380 |

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, 2019

| | Downtown | | Rand Road Corridor TIF | General Obligation Bond | Nonmajor Governmental Funds | Total Governmental Funds |
|---------------------------|-------------------|------------------|---------------------------|-------------------------------|-----------------------------------|--------------------------------|
| | General | TIF | | | | |
| REVENUES | | | | | | |
| Taxes | \$ 26,719,977 | \$ 6,090,442 | \$ 3,014,256 | \$ 2,518,366 | \$ 6,405,834 | \$ 44,748,875 |
| Licenses and permits | 3,609,532 | - | - | - | - | 3,609,532 |
| Intergovernmental | 21,290,467 | - | - | 350,238 | 3,852,770 | 25,493,475 |
| Charges for services | 4,647,540 | - | - | - | 405,539 | 5,053,079 |
| Fines and forfeits | 1,681,635 | - | - | - | 12,521 | 1,694,156 |
| Investment income | 697,884 | 141,937 | 236,827 | 34,317 | 389,912 | 1,500,877 |
| Miscellaneous | 456,818 | - | 2,224 | - | 109,020 | 568,062 |
| Total revenues | 59,103,853 | 6,232,379 | 3,253,307 | 2,902,921 | 11,175,596 | 82,668,056 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General government | 5,190,804 | - | - | - | - | 5,190,804 |
| Public safety | 45,411,561 | - | - | - | 174,879 | 45,586,440 |
| Public works | 6,212,413 | - | - | - | - | 6,212,413 |
| Economic development | - | 1,534,883 | 1,883,620 | - | 4,986,387 | 8,404,890 |
| Capital outlay | - | 445,829 | 48,721 | - | 6,510,180 | 7,004,730 |
| Debt service | | | | | | |
| Principal retirement | - | 3,060,419 | 1,270,000 | 4,245,000 | - | 8,575,419 |
| Interest | - | 443,813 | 287,963 | 1,616,294 | - | 2,348,070 |
| Fiscal charges | - | 2,250 | 1,225 | 2,450 | - | 5,925 |
| Total expenditures | 56,814,778 | 5,487,194 | 3,491,529 | 5,863,744 | 11,671,446 | 83,328,691 |

See accompanying notes to financial statements.

| | General | Downtown TIF | Rand Road Corridor TIF | General Obligation Bond | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------|-----------------|---------------------------|-------------------------------|-----------------------------------|--------------------------------|
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ 2,289,075 | \$ 745,185 | \$ (238,222) | \$ (2,960,823) | \$ (495,850) | \$ (660,635) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Proceeds from sale of capital assets | - | - | - | - | 104,977 | 104,977 |
| Transfers in | - | - | - | 2,856,860 | 699,500 | 3,556,360 |
| Transfers (out) | (2,856,860) | - | - | - | - | (2,856,860) |
| Total other financing sources (uses) | (2,856,860) | - | - | 2,856,860 | 804,477 | 804,477 |
| NET CHANGE IN FUND BALANCES | (567,785) | 745,185 | (238,222) | (103,963) | 308,627 | 143,842 |
| FUND BALANCES, JANUARY 1 | 24,884,276 | 4,566,083 | 10,000,266 | 228,620 | 15,576,681 | 55,255,926 |
| FUND BALANCES, DECEMBER 31 | \$ 24,316,491 | \$ 5,311,268 | \$ 9,762,044 | \$ 124,657 | \$ 15,885,308 | \$ 55,399,768 |

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, 2019

| | |
|--|----------------------------|
| NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS | \$ 143,842 |
| 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 | 1,861,420 |
| Revenues in the statement of activities that are not available in governmental funds are not reported as a revenue in governmental funds until received | (124,119) |
| 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 | (2,815,615) |
| Loss on disposal of capital assets | (490,350) |
| 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 | 8,575,419 |
| The amortization of discount on long-term debt is reported as an expense on the statement of activities | (5,260) |
| The amortization of premium on long-term debt is reported as a reduction of expense on the statement of activities | 228,780 |
| The amortization of the loss on refunding on long-term debt is reported as an expense on the statement of activities | (53,405) |
| The change in the accrual of interest on long-term debt is reported as an expense on the statement of activities | 43,980 |
| The change in compensated absences payable is shown as an expense on the statement of activities | (32,970) |
| The change in net position of certain activities of internal service funds is reported in governmental funds on the statement of activities | (75,988) |
| The change in the following items are not current financial resources and, therefore, are not reported in the governmental funds | |
| Deferred outflows related to OPEB | 1,849,847 |
| Deferred inflows related to OPEB | 75,740 |
| Net OPEB liability | (2,600,990) |
| Deferred outflows related to pensions | 10,895,379 |
| Deferred inflows related to pensions | (4,492,761) |
| Net pension liability | (11,914,926) |
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | <u><u>\$ 1,068,023</u></u> |

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2019

| | Business-Type Activities | | | | | Governmental Activities | |
|---|--------------------------|-------------------|---------------------------------|----------------------|-------------------|-------------------------|--|
| | Waterworks | Sewerage | Motor Vehicle Parking System | Refuse Collection | Total | Internal Service | |
| | | | | | | | |
| CURRENT ASSETS | | | | | | | |
| Cash and investments | \$ 9,698,902 | \$ 4,665,248 | \$ 2,057,512 | \$ 1,487,397 | \$ 17,909,059 | \$ 9,348,561 | |
| Receivables (net, where applicable, of allowances for uncollectibles) | | | | | | | |
| Accounts | 1,359,901 | 569,329 | - | - | 1,929,230 | - | |
| Other | - | 2,106 | 23,915 | 34,260 | 60,281 | 37,720 | |
| Accrued interest | 66,220 | 31,645 | 28,595 | 17,870 | 144,330 | 71,655 | |
| Inventories | - | - | - | - | - | 205,775 | |
| Total current assets | 11,125,023 | 5,268,328 | 2,110,022 | 1,539,527 | 20,042,900 | 9,663,711 | |
| NONCURRENT ASSETS | | | | | | | |
| Capital assets | | | | | | | |
| Land | 740,200 | - | 4,118,490 | - | 4,858,690 | - | |
| Buildings and improvements | 6,739,405 | 597,545 | 15,681,480 | - | 23,018,430 | - | |
| Systems and improvements | 25,191,704 | 61,303,955 | - | - | 86,495,659 | - | |
| Machinery and equipment | 2,575,285 | 263,395 | - | - | 2,838,680 | - | |
| Accumulated depreciation | (18,664,680) | (41,250,335) | (13,228,210) | - | (73,143,225) | - | |
| Total capital assets | 16,581,914 | 20,914,560 | 6,571,760 | - | 44,068,234 | - | |
| Other assets | | | | | | | |
| Investment in joint venture | | | | | | | |
| Northwest Water Commission | 13,584,990 | - | - | - | 13,584,990 | - | |
| Total noncurrent assets | 30,166,904 | 20,914,560 | 6,571,760 | - | 57,653,224 | - | |
| Total assets | 41,291,927 | 26,182,888 | 8,681,782 | 1,539,527 | 77,696,124 | 9,663,711 | |

See accompanying notes to financial statements.

| | Business-Type Activities | | | | | Governmental Activities | |
|---|--------------------------|----------------------|---------------------------------|----------------------|----------------------|-------------------------|---|
| | Waterworks | Sewerage | Motor Vehicle Parking System | Refuse Collection | Total | Internal Service | |
| | | | | | | | |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | |
| Unamortized loss on refunding | \$ 505 | \$ 124,310 | \$ - | \$ - | \$ 124,815 | \$ - | - |
| Asset retirement obligation items | 495,000 | - | - | - | 495,000 | - | - |
| Pension items | 970,870 | 370,243 | - | - | 1,341,113 | 448,795 | |
| OPEB items | 28,579 | 8,517 | - | - | 37,096 | 5,678 | |
| Total deferred outflows of resources | 1,494,954 | 503,070 | - | - | 1,998,024 | 454,473 | |
| CURRENT LIABILITIES | | | | | | | |
| Accounts payable | 904,754 | 134,894 | 30,683 | 563,741 | 1,634,072 | 116,034 | |
| Accrued payroll | 55,207 | 23,082 | 382 | - | 78,671 | 29,270 | |
| Accrued interest payable | 13,580 | 15,545 | - | - | 29,125 | - | |
| Deposits payable | 271,173 | - | - | 53,226 | 324,399 | - | |
| Claims payable | - | - | - | - | - | 996,312 | |
| Unearned revenues | - | - | - | 144,140 | 144,140 | - | |
| Compensated absences payable | 11,350 | 4,345 | - | - | 15,695 | 10,035 | |
| Net OPEB liability | 9,650 | 2,876 | - | - | 12,526 | 1,917 | |
| General obligation bonds payable | 556,000 | 1,044,000 | - | - | 1,600,000 | - | |
| Total current liabilities | 1,821,714 | 1,224,742 | 31,065 | 761,107 | 3,838,628 | 1,153,568 | |
| LONG-TERM LIABILITIES | | | | | | | |
| Claims payable | - | - | - | - | - | 1,598,220 | |
| Compensated absences payable | 45,395 | 17,365 | - | - | 62,760 | 40,130 | |
| Asset retirement obligation | 500,000 | - | - | - | 500,000 | - | |
| Net pension liability | 1,332,322 | 497,100 | - | - | 1,829,422 | 612,537 | |
| Net OPEB liability | 222,510 | 66,311 | - | - | 288,821 | 44,207 | |
| General obligation bonds payable | 3,648,830 | 4,730,680 | - | - | 8,379,510 | - | |
| Total long-term liabilities | 5,749,057 | 5,311,456 | - | - | 11,060,513 | 2,295,094 | |
| Total liabilities | 7,570,771 | 6,536,198 | 31,065 | 761,107 | 14,899,141 | 3,448,662 | |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Pension items | 134,924 | 48,600 | - | - | 183,524 | 61,093 | |
| OPEB items | 10,511 | 3,132 | - | - | 13,643 | 2,088 | |
| Total deferred inflows of resources | 145,435 | 51,732 | - | - | 197,167 | 63,181 | |
| NET POSITION | | | | | | | |
| Net investment in capital assets | 12,377,589 | 15,264,190 | 6,571,760 | - | 34,213,539 | - | |
| Unrestricted | 22,693,086 | 4,833,838 | 2,078,957 | 778,420 | 30,384,301 | 6,606,341 | |
| TOTAL NET POSITION | \$ 35,070,675 | \$ 20,098,028 | \$ 8,650,717 | \$ 778,420 | \$ 64,597,840 | \$ 6,606,341 | |

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, 2019

| | Business-Type Activities | | | | | Governmental Activities | |
|--|--------------------------|--------------|----------------|-------------------|---------------|-------------------------|--|
| | Waterworks | Sewerage | Motor Vehicle | Refuse Collection | Total | Internal Service | |
| | | | Parking System | | | | |
| OPERATING REVENUES | | | | | | | |
| Charges for services | \$ 10,902,081 | \$ 4,363,320 | \$ 711,700 | \$ 4,574,031 | \$ 20,551,132 | \$ 10,774,500 | |
| Miscellaneous | 197,794 | - | - | - | 197,794 | 176,724 | |
| Total operating revenues | 11,099,875 | 4,363,320 | 711,700 | 4,574,031 | 20,748,926 | 10,951,224 | |
| OPERATING EXPENSES | | | | | | | |
| EXCLUDING DEPRECIATION | | | | | | | |
| Costs of sales and services | 6,994,818 | 2,022,392 | 765,081 | 4,641,663 | 14,423,954 | 11,228,395 | |
| Total operating expenses excluding depreciation | 6,994,818 | 2,022,392 | 765,081 | 4,641,663 | 14,423,954 | 11,228,395 | |
| OPERATING INCOME (LOSS) BEFORE DEPRECIATION | 4,105,057 | 2,340,928 | (53,381) | (67,632) | 6,324,972 | (277,171) | |
| DEPRECIATION | 732,390 | 1,184,130 | 784,080 | - | 2,700,600 | - | |
| OPERATING INCOME (LOSS) | 3,372,667 | 1,156,798 | (837,461) | (67,632) | 3,624,372 | (277,171) | |

See accompanying notes to financial statements.

| | Business-Type Activities | | | | | Governmental Activities | |
|---|--------------------------|----------------------|---------------------------------|----------------------|----------------------|-------------------------|--|
| | Waterworks | Sewerage | Motor Vehicle Parking System | Refuse Collection | Total | Internal Service | |
| NONOPERATING REVENUES (EXPENSES) | | | | | | | |
| Investment income | \$ 200,558 | \$ 92,811 | \$ 42,949 | \$ 40,216 | \$ 376,534 | \$ 201,183 | |
| Interest expense | (99,855) | (199,933) | - | - | (299,788) | - | |
| Loss on disposal of capital assets | (40,430) | - | - | - | (40,430) | - | |
| Insurance recovery | - | - | 18,566 | - | 18,566 | - | |
| Joint venture | 643,170 | - | - | - | 643,170 | - | |
| Total nonoperating revenues (expenses) | 703,443 | (107,122) | 61,515 | 40,216 | 698,052 | 201,183 | |
| NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | | | | | | | |
| Contributions | 4,076,110 | 1,049,676 | (775,946) | (27,416) | 4,322,424 | (75,988) | |
| Transfers (out) | 704,840 | - | - | - | 704,840 | - | |
| | (296,000) | (296,000) | - | (107,500) | (699,500) | - | |
| CHANGE IN NET POSITION | 4,484,950 | 753,676 | (775,946) | (134,916) | 4,327,764 | (75,988) | |
| NET POSITION, JANUARY 1 | 30,585,725 | 19,344,352 | 9,426,663 | 913,336 | 60,270,076 | 6,682,329 | |
| NET POSITION, DECEMBER 31 | \$ 35,070,675 | \$ 20,098,028 | \$ 8,650,717 | \$ 778,420 | \$ 64,597,840 | \$ 6,606,341 | |

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2019

| | Business-Type Activities | | | | | Governmental Activities | |
|---|--------------------------|--------------|---------------------------------|----------------------|---------------|-------------------------|--|
| | Waterworks | Sewerage | Motor Vehicle Parking System | Refuse Collection | Total | Internal Service | |
| | | | | | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | |
| Receipts from customers and users | \$ 11,084,840 | \$ 4,350,321 | \$ 709,920 | \$ 4,598,024 | \$ 20,743,105 | \$ 1,681,847 | |
| Receipts from interfund services transactions | - | - | - | - | - | 9,241,491 | |
| Payments to suppliers | (4,427,625) | (866,599) | (635,668) | (4,485,584) | (10,415,476) | (9,814,834) | |
| Payments to employees | (1,626,709) | (755,388) | (5,037) | - | (2,387,134) | (866,256) | |
| Payments for interfund services transactions | (445,000) | (445,000) | (117,900) | (145,000) | (1,152,900) | - | |
| Net cash from operating activities | 4,585,506 | 2,283,334 | (48,685) | (32,560) | 6,787,595 | 242,248 | |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | | |
| Insurance recoveries | - | - | 18,566 | - | 18,566 | - | |
| Transfers (out) | (296,000) | (296,000) | - | (107,500) | (699,500) | - | |
| Net cash from noncapital financing activities | (296,000) | (296,000) | 18,566 | (107,500) | (680,934) | - | |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | |
| Capital assets purchased | (2,356,895) | - | - | - | (2,356,895) | - | |
| Principal payments on long-term debt | (532,000) | (998,000) | - | - | (1,530,000) | - | |
| Interest and fiscal charges paid on long-term debt | (185,040) | (203,863) | - | - | (388,903) | - | |
| Net cash from capital and related financing activities | (3,073,935) | (1,201,863) | - | - | (4,275,798) | - | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | |
| Interest received | 174,223 | 86,071 | 18,954 | 27,391 | 306,639 | 175,938 | |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 1,389,794 | 871,542 | (11,165) | (112,669) | 2,137,502 | 418,186 | |
| CASH AND CASH EQUIVALENTS, JANUARY 1 | 8,309,108 | 3,793,706 | 2,068,677 | 1,600,066 | 15,771,557 | 8,930,375 | |
| CASH AND CASH EQUIVALENTS, DECEMBER 31 | \$ 9,698,902 | \$ 4,665,248 | \$ 2,057,512 | \$ 1,487,397 | \$ 17,909,059 | \$ 9,348,561 | |

See accompanying notes to financial statements.

| | Business-Type Activities | | | | | Governmental Activities | |
|--|--------------------------|---------------------|---------------------------------|----------------------|---------------------|-------------------------|--|
| | Waterworks | Sewerage | Motor Vehicle Parking System | Refuse Collection | Total | Internal Service | |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | |
| Operating income (loss) | \$ 3,372,667 | \$ 1,156,798 | \$ (837,461) | \$ (67,632) | \$ 3,624,372 | \$ (277,171) | |
| Adjustments to reconcile operating income (loss) to net cash from operating activities | | | | | | | |
| Depreciation | 732,390 | 1,184,130 | 784,080 | - | 2,700,600 | - | |
| (Increase) decrease in | | | | | | | |
| Accounts receivables | (15,035) | (15,546) | - | - | (30,581) | - | |
| Other receivables | - | 2,547 | (1,780) | 15,247 | 16,014 | (19,485) | |
| Prepaid items | - | - | - | - | - | 70,816 | |
| Inventories | - | - | - | - | - | (13,820) | |
| Deferred outflows - asset retirement obligation items | (495,000) | - | - | - | (495,000) | - | |
| Deferred outflows - pension items | (728,727) | (314,367) | - | - | (1,043,094) | (376,430) | |
| Deferred outflows - OPEB items | (28,579) | (8,517) | - | - | (37,096) | (5,678) | |
| Increase (decrease) in | | | | | | | |
| Accounts payable | 576,481 | (16,741) | 6,094 | 11,079 | 576,913 | 28,028 | |
| Accrued payroll | 2,088 | 743 | 382 | - | 3,213 | 3,516 | |
| Deposits payable | - | - | - | 8,686 | 8,686 | - | |
| Claims payable | - | - | - | - | - | 475,498 | |
| Unearned revenue | - | - | - | 60 | 60 | (8,401) | |
| Compensated absences payable | (3,540) | (6,305) | - | - | (9,845) | 7,505 | |
| Asset retirement obligation | 500,000 | - | - | - | 500,000 | - | |
| Net pension liability | 1,076,352 | 489,251 | - | - | 1,565,603 | 587,101 | |
| Net OPEB liability | (1,313) | 9,224 | - | - | 7,911 | 7,850 | |
| Deferred inflows related to pensions | (398,583) | (197,367) | - | - | (595,950) | (236,840) | |
| Deferred inflows related to OPEB | (3,695) | (516) | - | - | (4,211) | (241) | |
| NET CASH FROM OPERATING ACTIVITIES | <u>\$ 4,585,506</u> | <u>\$ 2,283,334</u> | <u>\$ (48,685)</u> | <u>\$ (32,560)</u> | <u>\$ 6,787,595</u> | <u>\$ 242,248</u> | |

SCHEDULE OF NONCASH INVESTING AND

FINANCING ACTIVITIES

| | | | | | | |
|--|---------------------|-------------|-------------|-------------|---------------------|-------------|
| Loss on disposal of capital assets | \$ (40,430) | \$ - | \$ - | \$ - | \$ (40,430) | \$ - |
| Capital contributions | 704,840 | - | - | - | 704,840 | \$ - |
| Change in investment in joint venture | 643,170 | - | - | - | 643,170 | - |
| TOTAL NONCASH INVESTING AND FINANCING ACTIVITIES | <u>\$ 1,307,580</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,307,580</u> | <u>\$ -</u> |

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

December 31, 2019

| | Pension Trust | Custodial |
|--|--------------------|------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 2,534,907 | \$ 1,312,888 |
| Investments | | |
| U.S. Treasury securities | 22,341,706 | - |
| U.S. agency securities | 2,136,477 | - |
| Corporate and international bonds | 28,271,698 | - |
| Municipal bonds | 122,347 | - |
| Certificates of deposit | 57,112 | - |
| Money market mutual funds | 598,575 | - |
| Equities | 113,610,347 | - |
| Receivables | | |
| Property taxes | - | 588,894 |
| Accrued interest | 366,195 | - |
| Due from primary government | 439,919 | - |
| Total assets | 170,479,283 | 1,901,782 |
| LIABILITIES | - | - |
| None | | |
| DEFERRED INFLOWS OF RESOURCES | - | 588,400 |
| Deferred property taxes | | |
| NET POSITION | - | - |
| Restricted for pensions | 170,479,283 | - |
| Restricted for debt service | - | 1,313,382 |
| Total net position | \$ 170,479,283 | \$ 1,313,382 |

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

For the Year Ended December 31, 2019

| | Pension Trust | Custodial |
|---|--------------------|------------------|
| ADDITIONS | | |
| Contributions | | |
| Employer | \$ 9,976,893 | \$ - |
| Employee | 2,085,618 | - |
| Property owner | - | 608,898 |
| Total contributions | 12,062,511 | 608,898 |
| Investment earnings | | |
| Net increase (decrease) in the fair value of investments | 23,823,806 | - |
| Interest | 4,553,092 | 27,132 |
| Total investment earnings | 28,376,898 | 27,132 |
| Less investment expense | (425,187) | - |
| Net investment earnings | 27,951,711 | 27,132 |
| Total additions | 40,014,222 | 636,030 |
| DEDUCTIONS | | |
| Administration | 34,568 | - |
| Benefits and refunds | 11,089,565 | - |
| Debt service | | |
| Principal retirement | - | 95,000 |
| Interest and fiscal charges | - | 490,125 |
| Total deductions | 11,124,133 | 585,125 |
| CHANGE IN NET POSITION | 28,890,089 | 50,905 |
| NET POSITION | | |
| January 1 | 141,589,194 | 1,262,477 |
| December 31 | \$ 170,479,283 | \$ 1,313,382 |

See accompanying notes to financial statements.

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VILLAGE OF PALATINE, ILLINOIS

INDEX TO
NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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VILLAGE OF PALATINE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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) and custodial funds (for its Special Service Area debt service), which are generally used 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.

The Rand Road Corridor TIF Fund accounts for the development and debt service costs associated with a tax increment financing redevelopment project within the Rand Road Corridor. Financing is provided by incremental taxes derived from the TIF District. The Village has elected to present this non-major fund as a major fund for consistency purposes.

The General Obligation Bond Fund accounts for the accumulation of resources and payment of the principal and interest of the Village's general obligation bonded debt. The Village has elected to present this non-major fund as a major fund for consistency purposes.

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 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.

The Motor Vehicle Parking System Fund accounts for the provision of public parking services to incorporated and unincorporated residents.

The Refuse Collection Fund accounts for the refuse collection and recycling services provided by the Village. The Village has elected to present this non-major fund as a major fund for consistency purposes.

Additionally, the Village reports the following proprietary funds:

Internal Service Funds account for the Village's self-insurance programs 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. The Special Service Area Fund is reported as a custodial 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.

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)

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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, as 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

k. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, storm water) and intangibles (software and easements), 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:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Capital Assets (Continued)

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

l. Compensated Absences

The Village's policy permits employees to accumulate earned but unused sick leave and vacation benefits, which, under certain circumstances, are eligible for payment upon separation from government service. 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 The Illinois Funds.

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

2. DEPOSITS AND INVESTMENTS (Continued)

Village Deposits and Investments (Continued)

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.

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

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.

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 external investment pools. The Illinois Public Treasurers' Investment Pool, 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)

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

| Investment Type | Fair Value | Investment Maturities (in Years) | | | Greater Than 10 |
|---------------------------|---------------|----------------------------------|--------------|--------|-----------------|
| | | Less Than 1 | 1 - 5 | 6 - 10 | |
| U.S. Treasury obligations | \$ 2,497,577 | \$ - | \$ 2,497,577 | \$ - | \$ - |
| Negotiable CDs | 23,907,278 | 17,707,539 | 6,199,739 | - | - |
| Total | \$ 26,404,855 | \$ 17,707,539 | \$ 8,697,316 | \$ - | \$ - |

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.

3. RECEIVABLES

a. Property taxes

Property taxes for 2019 attach as an enforceable lien on January 1, 2019, 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. 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 2019 tax levy has been recorded as unavailable/deferred revenue on the financial statements.

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

3. RECEIVABLES (Continued)

b. Other Receivables

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

| | | |
|--------------------------------|----|----------------|
| GOVERNMENTAL ACTIVITIES | | |
| Hotel occupancy tax | \$ | 6,745 |
| Ambulance service and fees | | 175,080 |
| Cable franchise fees | | 270,141 |
| Food and beverage tax | | 126,780 |
| Red light violations | | 40,045 |
| Electric utility tax | | 189,659 |
| MABAS reimbursements | | 72,632 |
| Foreign Fire Tax | | 4,429 |
| Billed receivables | | <u>37,720</u> |
| Total governmental activities | | <u>923,231</u> |
| BUSINESS-TYPE ACTIVITIES | | |
| Disposal fees | | 34,260 |
| Parking fees | | 23,915 |
| Sewer loan program | | <u>2,106</u> |
| Total business-type activities | | <u>60,281</u> |
| TOTAL OTHER RECEIVABLES | | |
| | \$ | <u>983,512</u> |

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 | \$ | 2,201,925 |
| Home rule sales tax | | 1,133,120 |
| TIF Surplus Rebate | | 439,918 |
| Loan to park district | | 894,183 |
| Grants | | 303,938 |
| Public safety reimbursements | | 79,140 |
| Court fines | | 98,759 |
| Other state sources | | 43,132 |
| Motor fuel tax allotments | | 300,945 |
| Telecommunications tax | | <u>307,708</u> |
| Total governmental activities | | <u>5,802,768</u> |
| BUSINESS-TYPE ACTIVITIES | | |
| TOTAL DUE FROM OTHER GOVERNMENTS | | |
| | \$ | <u>5,802,768</u> |

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

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 | 151,371,945 | - | - | 151,371,945 |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 52,208,475 | - | - | 52,208,475 |
| Machinery and equipment | 11,733,315 | 1,090,075 | 878,265 | 11,945,125 |
| Streets | 30,213,570 | 771,345 | 724,515 | 30,260,400 |
| Bridges | 1,596,735 | - | - | 1,596,735 |
| Total capital assets being depreciated | 95,752,095 | 1,861,420 | 1,602,780 | 96,010,735 |
| Less accumulated depreciation for | | | | |
| Buildings and improvements | 13,943,610 | 1,235,165 | - | 15,178,775 |
| Machinery and equipment | 7,359,685 | 918,540 | 878,265 | 7,399,960 |
| Streets | 16,836,525 | 629,910 | 234,165 | 17,232,270 |
| Bridges | 950,635 | 32,000 | - | 982,635 |
| Total accumulated depreciation | 39,090,455 | 2,815,615 | 1,112,430 | 40,793,640 |
| Total capital assets being depreciated, net | 56,661,640 | (954,195) | 490,350 | 55,217,095 |
| TOTAL GOVERNMENTAL ACTIVITIES | \$ 208,033,585 | \$ (954,195) | \$ 490,350 | \$ 206,589,040 |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 4,858,690 | \$ - | \$ - | \$ 4,858,690 |
| Total capital assets not being depreciated | 4,858,690 | - | - | 4,858,690 |
| Capital assets being depreciated | | | | |
| Equipment | 2,838,680 | - | - | 2,838,680 |
| Buildings and improvements | 7,336,950 | - | - | 7,336,950 |
| Water system | 22,237,204 | 3,061,735 | 107,235 | 25,191,704 |
| Sewer system | 61,303,955 | - | - | 61,303,955 |
| Parking improvements | 15,681,480 | - | - | 15,681,480 |
| Total capital assets being depreciated | 109,398,269 | 3,061,735 | 107,235 | 112,352,769 |
| Less accumulated depreciation for | | | | |
| Equipment | 2,299,755 | 103,530 | - | 2,403,285 |
| Buildings and improvements | 4,729,660 | 160,640 | - | 4,890,300 |
| Water system | 11,257,365 | 501,470 | 66,805 | 11,692,030 |
| Sewer system | 39,778,520 | 1,150,880 | - | 40,929,400 |
| Parking improvements | 12,444,130 | 784,080 | - | 13,228,210 |
| Total accumulated depreciation | 70,509,430 | 2,700,600 | 66,805 | 73,143,225 |
| Total capital assets being depreciated, net | 38,888,839 | 361,135 | 40,430 | 39,209,544 |
| TOTAL BUSINESS-TYPE ACTIVITIES | \$ 43,747,529 | \$ 361,135 | \$ 40,430 | \$ 44,068,234 |

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

4. CAPITAL ASSETS (Continued)

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

| GOVERNMENTAL ACTIVITIES | |
|--|---------------------|
| General government | \$ 480,490 |
| Public safety | 1,122,900 |
| Public works | <u>1,212,225</u> |
| TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES | <u>\$ 2,815,615</u> |

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 have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued is \$77,505,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds currently outstanding are as follows:

| Purpose | Amount |
|---|----------------------|
| Governmental activities | \$ 20,265,000 |
| Governmental activities - refunding | 6,545,000 |
| Governmental activities - TIF refunding | 18,195,000 |
| Business-type activities | 6,675,000 |
| Business-type activities - refunding | <u>2,630,000</u> |
| Total | <u>\$ 54,310,000</u> |

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

5. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

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 |
| 2020 | \$ 4,860,000 | \$ 1,838,905 | \$ 1,600,000 | \$ 349,363 |
| 2021 | 5,040,000 | 1,729,530 | 1,665,000 | 290,163 |
| 2022 | 5,205,000 | 1,612,749 | 1,725,000 | 228,663 |
| 2023 | 2,445,000 | 1,484,750 | 1,065,000 | 162,443 |
| 2024 | 3,245,000 | 1,404,250 | 1,110,000 | 116,518 |
| 2025 - 2029 | 12,210,000 | 5,209,370 | 2,140,000 | 124,979 |
| 2030 - 2034 | 12,000,000 | 2,146,000 | - | - |
| Total | \$ 45,005,000 | \$ 15,425,554 | \$ 9,305,000 | \$ 1,272,129 |

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 not obligations of the Village and are secured only by the incremental property tax revenues generated by the tax increment financing district. Tax increment financing bonds and notes currently outstanding are as follows:

| Purpose | Interest Rates | Amount |
|-------------------------|----------------|-----------|
| Governmental activities | 0% | \$ 69,374 |

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.

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

5. LONG-TERM DEBT (Continued)

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.

d. Noncommitment Debt

Special Service Area Number 5 Bonds, Taxable Series 2008 outstanding as of the date of this report totaled \$5,365,000. These bonds are not an obligation of the Village and are secured solely by the levy of an annual tax on the real property within the special service area. The Village is in no way liable for the repayment, but is only acting as agent for the property owners in levying and collecting the tax and forwarding the collections to the bondholders.

e. 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, 2022, 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.

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

5. LONG-TERM DEBT (Continued)

f. Current Redemption of General Obligation Bonds

On December 1, 2019, the Village called and redeemed from current resources the outstanding \$3,000,000 General Obligation Bonds, Series 2011A to achieve a \$3,200,000 reduction in future debt service payments and a \$200,000 savings in future interest costs.

g. Changes in Long-Term Liabilities

Long-term liability activity for the year was as follows:

| | Beginning Balances | Additions | Reductions | Ending Balances | Due Within One Year |
|--------------------------------------|-----------------------|----------------------|----------------------|----------------------|------------------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| General obligation bonds | \$ 53,570,000 | \$ - | \$ 8,565,000 | \$ 45,005,000 | \$ 4,860,000 |
| TIF notes | 79,793 | - | 10,419 | 69,374 | - |
| Claims payable | 1,056,015 | 1,246,020 | 703,815 | 1,598,220 | - |
| Net pension liability* | 119,359,042 | 8,219,418 | 7,147,157 | 120,431,303 | - |
| Net OPEB liability* | 12,464,634 | 2,608,840 | - | 15,073,474 | 626,544 |
| Compensated absences* | 1,345,705 | 3,173,830 | 3,133,355 | 1,386,180 | 277,238 |
| Total | 187,875,189 | 15,248,108 | 19,559,746 | 183,563,551 | 5,763,782 |
| Less deferred amounts | | | | | |
| Unamortized bond discount | (25,820) | - | (5,260) | (20,560) | - |
| Unamortized bond premium | 1,359,057 | - | 228,780 | 1,130,277 | - |
| Total deferred amounts | 1,333,237 | - | 223,520 | 1,109,717 | - |
| TOTAL GOVERNMENTAL ACTIVITIES | \$189,208,426 | \$ 15,248,108 | \$ 19,783,266 | \$184,673,268 | \$ 5,763,782 |

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

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

5. LONG-TERM DEBT (Continued)

g. Changes in Long-Term Liabilities (Continued)

| | Beginning Balances | Additions | Reductions | Ending Balances | Due Within One Year |
|---------------------------------------|-----------------------|---------------------|---------------------|----------------------|------------------------|
| BUSINESS-TYPE ACTIVITIES | | | | | |
| General obligation bonds | | | | | |
| Water Fund | \$ 4,248,000 | \$ - | \$ 532,000 | \$ 3,716,000 | \$ 556,000 |
| Sewer Fund | 6,587,000 | - | 998,000 | 5,589,000 | 1,044,000 |
| Asset retirement obligation | | | | | |
| Water Fund | - | 500,000 | - | 500,000 | - |
| Net pension liability | | | | | |
| Water Fund | 255,970 | 1,076,352 | - | 1,332,322 | - |
| Sewer Fund | 7,849 | 489,251 | - | 497,100 | - |
| Net OPEB liability | | | | | |
| Water Fund | 233,473 | - | 1,313 | 232,160 | 9,650 |
| Sewer Fund | 59,963 | 9,224 | - | 69,187 | 2,876 |
| Compensated absences | | | | | |
| Water Fund | 60,285 | 95,890 | 99,430 | 56,745 | 11,350 |
| Sewer Fund | 28,015 | 62,385 | 68,690 | 21,710 | 4,345 |
| Total | 11,480,555 | 2,233,102 | 1,699,433 | 12,014,224 | 1,628,221 |
| Less deferred amounts | | | | | |
| Unamortized bond discount | (12,460) | - | (1,260) | (11,200) | - |
| Unamortized bond premium | 811,520 | - | 125,810 | 685,710 | - |
| Total deferred amounts | 799,060 | - | 124,550 | 674,510 | - |
| TOTAL BUSINESS-TYPE ACTIVITIES | \$ 12,279,615 | \$ 2,233,102 | \$ 1,823,983 | \$ 12,688,734 | \$ 1,628,221 |

6. 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 medical benefits and has established a risk financing fund, Health Insurance Fund, for all medical risks. It is accounted for as an internal service fund where assets are set aside for claim settlements. Under this program, the fund provides coverage up to a maximum of \$125,000 per individual's claims paid and a maximum of 125% of the expected aggregate claims paid. The Village purchases commercial insurance for claims in excess of the coverage provided by the fund. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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.

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

6. RISK MANAGEMENT (Continued)

All funds of the Village participate and make payments to the Health Insurance and Casualty and Liability Insurance Funds based upon actuarial estimates of the amounts needed to pay prior and current year claims. Liabilities of the funds 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:

| | Medical Benefits | Workers' Compensation | General Liability | Total |
|------------------------|---------------------|--------------------------|----------------------|--------------|
| UNPAID CLAIMS, | | | | |
| DECEMBER 31, 2017 | \$ 928,243 | \$ 829,675 | \$ 309,335 | \$ 2,067,253 |
| Claims incurred - 2018 | 4,247,127 | 208,365 | 404,948 | 4,860,440 |
| Claims payments - 2018 | 4,251,621 | 298,335 | 258,703 | 4,808,659 |
| UNPAID CLAIMS, | | | | |
| DECEMBER 31, 2018 | 923,749 | 739,705 | 455,580 | 2,119,034 |
| Claims incurred - 2019 | 4,206,278 | 1,229,733 | 161,817 | 5,597,828 |
| Claims payments - 2019 | 4,331,445 | 576,268 | 214,617 | 5,122,330 |
| UNPAID CLAIMS, | | | | |
| DECEMBER 31, 2019 | \$ 798,582 | \$ 1,393,170 | \$ 402,780 | \$ 2,594,532 |

7. 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.

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

7. CONTINGENT LIABILITIES (Continued)

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, 2020. This amount has been calculated using the Village's current allocation percentage of approximately 30%. 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 2020 payment for operations and maintenance costs is \$1,149,920, based on an estimated tipping fee of \$47.43 per ton for 24,243 tons.

8. 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.

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 \$2,741.

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 \$940,181.

The Village rebated property taxes paid by a business located within a Tax Increment Financing District to retain this business. This agreement allows for the business to occupy what would otherwise be a vacant building. This license agreement is renewable annually. The rebate for the year totaled \$75,000. This agreement is terminated as of December 31, 2019.

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

8. TAX ABATEMENTS (Continued)

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.

9. 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 100 years.

10. 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.

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.

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

10. JOINT VENTURES (Continued)

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

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 \$1,13,421 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.

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.

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

10. JOINT VENTURES (Continued)

Northwest Water Commission (NWC) (Continued)

NWC has entered into water supply agreements with the four member municipalities for a term of 40 years, extending to 2022. 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 \$2,937,410 to NWC during the year. The Village's equity interest in NWC was \$13,584,990 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.

11. INDIVIDUAL FUND DISCLOSURES

a. Due From/To Other Funds

Due from/to other funds at the date of this report consisted of the following:

| Receivable Fund | Payable Fund | Amount |
|--|---|--------------------|
| Major governmental General | Nonmajor governmental Special Police Grant | \$ 19,565 |
| Fiduciary - Pension Trust Police Pension Firefighters' Pension | Major governmental General General | 213,622 226,297 |
| | Total | \$ 459,484 |

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

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

11. INDIVIDUAL FUND DISCLOSURES (Continued)

b. Advances From/To Other Funds

| Receivable Fund | Payable Fund | Amount |
|--------------------|--------------|--------------|
| Major governmental | | |
| General | Downtown TIF | \$ 2,817,085 |

The purpose of the advance to/from other funds relates to financing various redevelopment projects. Repayment is not expected within one year.

During the year, the following transfers were made:

- \$2,856,860 from the General Fund to the General Obligation Bond Fund.
- \$716,292 from the Dundee Road TIF Fund to the TIF Tax Reserve Fund.
- \$296,000 from the Water Fund to the Capital Equipment Acquisition Fund.
- \$296,000 from the Sewer Fund to the Capital Equipment Acquisition Fund.
- \$107,500 from the Refuse Collection Fund to the Capital Improvement Fund.

These transfers relate to the one-time movement of resources between funds that will not be repaid.

12. 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)

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Plan Membership

At the date of this report, membership consisted of:

| | |
|--|-------|
| Inactive plan members currently receiving benefits | 70 |
| Inactive plan members entitled to but not yet receiving benefits | - |
| Active employees | 286 |
| | <hr/> |
| | 356 |

The Village provides the opportunity for retirees, their spouses and dependents (enrolled at time of employee's retirement) to participate in the Village's self-insured 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 Villages total OPEB liability of \$15,374,821 was measured as of December 31, 2018 using census data from December 31, 2018 and rolled forward to December 31, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability at the date of this report, as determined by an actuarial valuation as of December 31, 2018, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liability was rolled forward by the actuary using updating procedures to December 31, 2019, including updating the discount rate at December 31, 2019, as noted below.

| | |
|-----------------------------|------------------|
| Actuarial cost method | Entry-age normal |
| <hr/> | |
| Assumptions | |
| Total payroll increases | 3.00% |
| Discount rate | |
| Beginning of year | 4.10% |
| End of year | 2.74% |
| Healthcare cost trend rates | |
| Initial | 7.00% |
| Ultimate | 5.00% |

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

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs (Continued)

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.

Changes in the Total OPEB Liability

| | |
|----------------------------------|----------------------|
| Balance at beginning of the year | \$ 12,758,070 |
| Changes for the period | |
| Service Cost | 657,670 |
| Interest | 510,011 |
| Changes in assumptions | 2,088,140 |
| Plan changes | - |
| Benefit payments | <u>(639,070)</u> |
| Net changes | <u>2,616,751</u> |
| Balance at end of the year | <u>\$ 15,374,821</u> |

Rate Sensitivity

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 (1.74%) | Current Discount Rate (2.74%) | 1% Increase (3.74%) |
|----------------------|------------------------|-------------------------------------|------------------------|
| Total OPEB Liability | \$ 16,954,778 | \$ 15,374,821 | \$ 13,937,118 |

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

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Rate Sensitivity (Continued)

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:

| | 1% Decrease (Varies) | Current Healthcare Cost Trend Rates (Varies) | 1% Increase (Varies) |
|----------------------|-------------------------|---|-------------------------|
| Total OPEB Liability | \$ 13,190,552 | \$ 15,374,821 | \$ 18,002,636 |

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

For the year, the Village recognized OPEB expense of \$1,283,008. 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 | \$ - | \$ - |
| Changes in assumptions | <u>1,892,621</u> | <u>696,065</u> |
| Total | <u>\$ 1,892,621</u> | <u>\$ 696,065</u> |

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 | |
|----------------------------|---------------------|
| 2020 | \$ 115,327 |
| 2021 | <u>115,327</u> |
| 2022 | <u>115,327</u> |
| 2023 | <u>115,327</u> |
| 2024 | <u>115,327</u> |
| Thereafter | <u>619,921</u> |
| Total | <u>\$ 1,196,556</u> |

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

13. 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.

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, 2018 (latest information available), membership consisted of:

| | |
|--|-----|
| Inactive plan members currently receiving benefits | 195 |
| Inactive plan members entitled to but not yet receiving benefits | 106 |
| Active employees | 134 |
| | 435 |

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.

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Benefits Provided (Continued)

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 2019 was 9.77% of covered payroll.

Net Pension Liability

The components of the net pension liability of the IMRF as of December 31, 2018 (latest information available), were as follows:

| | |
|--|---------------|
| Total pension liability | \$ 77,956,905 |
| Plan fiduciary net position | 66,413,088 |
| Village's net pension liability | 11,543,817 |
| Plan fiduciary net position as a percentage of the total pension liability | 85.19% |

See the schedule of changes in the employer's net pension liability and related ratios in the required supplementary information for additional information related to the funded status of the IMRF.

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.

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Actuarial Assumptions (Continued)

| | |
|--------------------------|---|
| Actuarial valuation date | December 31, 2018 |
| Actuarial cost method | Entry-age normal |
| Asset valuation method | Market |
| Inflation | 2.50% |
| Salary increases | 3.39 to 14.25% |
| Interest rate | 7.25% |
| Retirement age | Experience-based table of rates that is 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. |

Discount Rate

The expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 3.71% (based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met)); and the resulting single discount rate is 7.25%.

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Illinois Municipal Retirement Fund (IMRF) (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 | \$ 71,782,523 | \$ 70,023,727 | \$ 1,758,796 |
| Changes for the period | | | |
| Service Cost | 1,024,994 | - | 1,024,994 |
| Interest | 5,298,581 | - | 5,298,581 |
| Difference between expected and actual experience | 939,544 | - | 939,544 |
| Changes in assumptions | 2,205,814 | - | 2,205,814 |
| Employer contributions | - | 1,236,724 | (1,236,724) |
| Employee contributions | - | 494,998 | (494,998) |
| Net investment income | - | (3,659,634) | 3,659,634 |
| Benefit payments and refunds | (3,294,551) | (3,294,551) | - |
| Administrative expenses | - | - | - |
| Other (net transfer) | - | 1,611,824 | (1,611,824) |
| Net changes | 6,174,382 | (3,610,639) | 9,785,021 |
| Balances at end of the year | \$ 77,956,905 | \$ 66,413,088 | \$ 11,543,817 |

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

The expected rate of return was changed from 7.5% to 7.25%. The tax-exempt municipal bond rate was changed from 3.31% to 3.71% 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) | \$ 21,525,726 | \$ 11,543,817 | \$ 3,310,199 |

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

13. 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 of \$600,864. 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 | \$ 1,068,459 | \$ 201,905 |
| Changes in assumptions | 1,564,141 | 1,047,261 |
| Net difference between projected and actual earnings on pension plan investments | 4,520,538 | - |
| Employer contributions after the measurement date | 1,088,992 | - |
| Total | \$ 8,242,130 | \$ 1,249,166 |

The \$1,088,992 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 | |
|----------------------------|---------------------|
| 2019 | \$ 1,766,668 |
| 2020 | 1,359,064 |
| 2021 | 995,589 |
| 2022 | 1,782,651 |
| 2023 | - |
| Thereafter | - |
| Total | \$ 5,903,972 |

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

13. 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 | 81 |
| Inactive plan members entitled to but not yet receiving benefits | 3 |
| Active employees | 108 |
| | <hr/> |
| | 192 |
| | <hr/> |
| Number of participating employers | 1 |
| | <hr/> |

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

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Benefits Provided (Continued)

monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% 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. 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.

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 43.39% of covered payroll.

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Investment Policy

ILCS limit the PPERS' investments to those allowable by ILCS and require PPERS' Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. PPERS' investment policy authorizes deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds, and The Illinois Funds. PPERS may also invest in certain non-U.S. obligations, Illinois municipal corporation tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds, corporate equity securities, and real estate investment trusts. During the year, there were no changes to the investment policy approved by the Board of Trustees.

PPERS' investment policy in accordance with ILCS establishes the following target allocation across asset classes:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------|-------------------|--|
| Cash | 1.3% | 0.6% |
| US Large cap | 45.0% | 3.8% |
| US Mid cap | 3.9% | 3.7% |
| US Small cap | 3.9% | 6.1% |
| US Equities Other | 0.1% | 3.9% |
| International | 8.8% | 5.7% |
| Emerging and Frontier | 3.6% | 7.8% |
| Fixed income | 31.2% | 0.0% |
| REITs | 2.2% | 0.6% |

ILCS limit PPERS' investments in equities, mutual funds, and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Investment Policy (Continued)

The long-term expected rate of return on PPERS' investments was determined using an asset allocation study conducted by PPERS' investment management consultant at year-end, in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in PPERS' target asset allocation as of the date of this report are listed in the table above.

Investment Valuations

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market process at December 31 for debt securities, equity securities, mutual funds and contract values for insurance contracts. The Illinois Funds, an investment pool created by the state legislature under the control of the State Treasurer, is a money market mutual fund that reports investments at amortized cost in accordance with GASB Statement 79.

Investment Concentrations

There are no significant investments (other than United States Government guaranteed obligations) in any one organization that represent 5% or more of PPERS' investments.

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 21.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

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.

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Interest Rate Risk

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

| Investment Type | Fair Value | Investment Maturities (in Years) | | | |
|---------------------------|----------------------|----------------------------------|---------------------|---------------------|---------------------|
| | | Less Than 1 | 1 - 5 | 6 - 10 | Greater Than 10 |
| U.S. Treasury obligations | \$ 7,875,500 | \$ - | \$ 731,298 | \$ 2,164,054 | \$ 4,980,148 |
| U.S. Agency obligations | 1,174,872 | - | 729,645 | 416,450 | 28,777 |
| Corporate bonds | 17,044,480 | 1,125,684 | 8,242,177 | 6,432,840 | 1,243,779 |
| Municipal bonds | 122,347 | 81,745 | - | - | 40,602 |
| Certificates of deposit | 57,112 | - | 57,112 | - | - |
| Total | <u>\$ 26,274,311</u> | <u>\$ 1,207,429</u> | <u>\$ 9,760,232</u> | <u>\$ 9,013,344</u> | <u>\$ 6,293,306</u> |

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

PPERS has the following recurring fair value measurements as of the date of this report. The U.S. Treasury obligations, equity securities and money market mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligations, corporate bonds, and municipal bonds are valued using quoted matrix pricing models (Level 2 inputs).

Credit Risk

PPERS 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 obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and investment grade corporate bonds rated at or above BBB- by Standard and Poor's, Baa3 by Moody's and BBB- by Fitch by at least two of the three rating agencies. The municipal bonds are rated BAA3 to Aaa by Moody's. However, the certificates of deposit are not rated.

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, PPERS will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, PPERS' 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. The money market mutual funds and equity mutual funds are not subject to custodial credit risk.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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.

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 | \$ 131,345,147 | \$ 72,685,419 | \$ 58,659,728 |
| Changes for the period | | | |
| Service Cost | 2,233,157 | - | 2,233,157 |
| Interest | 9,322,557 | - | 9,322,557 |
| Difference between expected and actual experience | 1,682,132 | - | 1,682,132 |
| Changes in assumptions | 4,733,370 | - | 4,733,370 |
| Changes in benefit terms | 624,567 | - | 624,567 |
| Employer contributions | - | 4,771,486 | (4,771,486) |
| Employee contributions | - | 1,145,375 | (1,145,375) |
| Net investment income | - | 15,742,283 | (15,742,283) |
| Benefit payments and refunds | (5,516,268) | (5,516,268) | - |
| Administrative expenses | - | (16,500) | 16,500 |
| Net changes | 13,079,515 | 16,126,376 | (3,046,861) |
| Balances at end of the year | \$ 144,424,662 | \$ 88,811,795 | \$ 55,612,867 |

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Changes in the Net Pension Liability (Continued)

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 4.10% to 2.74% 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.

The Village's actuaries performed a comprehensive study of Police Pension Funds in the State of Illinois. They reviewed the results of the study in addition to the experience in the PPERS. The actuarial assumptions were changed in the current year to the rates shown in the Actuarial Assumptions section. The assumptions impacted include:

- Inflation Rate (CPI-U)
- Individual Pay Increases
- Mortality Rates
- Mortality Improvement Rates
- Retirement Rates
- Termination Rates
- Disability Rates
- Marital Assumptions

The above stated assumption changes were made to better reflect the future anticipated experience of the PPERS.

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)

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Actuarial Assumptions (Continued)

| | |
|--|-------------------|
| Actuarial valuation date | December 31, 2019 |
| Actuarial cost method | Entry-age normal |
| Economic assumptions | |
| Discount rate used for the Total Pension Liability | 7.25% |
| Expected rate of return on investments | 7.25% |
| High-Quality 20 Year tax-exempt GO Bond Rate | 2.74% |
| 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 | Market |

Demographic assumptions

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.

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.

Other demographic assumption rates are based on a review of assumptions in the L&A 2020 study for Illinois Police Officers.

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. Police Pension Employees Retirement System (PPERS) (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 7.25%, 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 | \$ 78,410,088 | \$ 55,612,867 | \$ 37,337,210 |

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

For the year, the Village recognized PPERS pension expense of \$7,206,352 and reported deferred outflows of resources and deferred inflows of resources related to PPERS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ 3,718,184 | \$ 4,303,083 |
| Changes in assumptions | 4,126,527 | 992,015 |
| Net difference between projected and actual earnings on pension plan investments | | 3,750,328 |
| <u>Total</u> | <u>\$ 7,844,711</u> | <u>\$ 9,045,426</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 | |
|----------------------------|-----------------------|
| 2020 | \$ (961,268) |
| 2021 | (972,742) |
| 2022 | (43,407) |
| 2023 | (1,729,115) |
| 2024 | 831,051 |
| Thereafter | <u>1,674,766</u> |
| <u>Total</u> | <u>\$ (1,200,715)</u> |

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

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.

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 | 76 |
| Inactive plan members entitled to but not yet receiving benefits | 2 |
| Active employees | 91 |
| | 169 |
| Number of participating employers | 1 |

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Firefighters' Pension Employees Retirement System (FPERS)

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.

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.

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Firefighters' Pension Employees Retirement System (FPERS)

Contributions

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 52.70% of covered payroll.

Investment Policy

ILCS limit FPERS' investments to those allowable by ILCS and require FPERS' Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. FPERS' investment policy authorizes deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S.

Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds, and The Illinois Funds. FPERS may also invest in certain non-U.S. obligations, Illinois municipal corporation tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds, corporate equity securities, and real estate investment trusts. During the year, there were no changes to the investment policy approved by the Board of Trustees.

FPERS' investment policy in accordance with ILCS establishes the following target allocation across asset classes:

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Investment Policy (Continued)

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|--------------------------|-------------------|--|
| S&P 500 index | 20.0% | 7.3% |
| Extended market index | 7.0% | 8.1% |
| World equity ex-US | 21.0% | 9.4% |
| Emerging markets equity | 4.0% | 11.5% |
| High yield bond | 4.0% | 6.1% |
| Emerging markets debt | 4.0% | 7.5% |
| Dynamic asset allocation | 5.0% | 9.8% |
| Core fixed income | 34.0% | 4.3% |
| Cash | 1.0% | 0.6% |

ILCS limit FPERS' investments in equities, mutual funds, and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on FPERS' investments was determined using an asset allocation study conducted by FPERS' investment management consultant in December 2019, in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in FPERS' target asset allocation as of the date of this report are listed in the table on the previous page.

Investment Valuations

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market process at December 31 for debt securities, equity securities, mutual funds and contract values for insurance contracts. The Illinois Funds, an investment pool created by the state legislature under the control of the State Treasurer, is a money market mutual fund that reports investments at amortized cost in accordance with GASB Statement 79.

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Investment Concentrations

There are no significant investments (other than United States Government guaranteed obligations) in any one organization that represent 5% or more of FPERS' investments.

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 17.95. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

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.

Interest Rate Risk

The following table presents the investments and maturities of FPERS' 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 | \$ 14,466,206 | \$ - | \$ 9,062,637 | \$ 5,403,569 | \$ - |
| U.S. Agency obligations | 961,605 | - | 420,637 | 540,968 | - |
| Corporate bonds | 11,227,218 | 3,013,279 | 5,722,611 | 2,491,328 | - |
| Total | \$ 26,655,029 | \$ 3,013,279 | \$ 15,205,885 | \$ 8,435,865 | \$ - |

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

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Interest Rate Risk (Continued)

FPERS has the following recurring fair value measurements as of year-end. The U.S. Treasury obligations, equity securities, and money market mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligations, corporate bonds, and municipal bonds are valued using quoted matrix pricing models (Level 2 inputs).

Credit Risk

FPERS 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 obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and investment grade corporate bonds rated at or above BBB- by Standard and Poor's, Baa3 by Moody's and BBB- by Fitch by at least two of the three rating agencies.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, FPERS will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, FPERS' 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. The money market mutual funds and equity mutual funds are not subject to custodial credit risk.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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)

13. 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 | \$ 128,108,112 | \$ 68,903,775 | \$ 59,204,337 |
| Changes for the period | | | |
| Service Cost | 2,182,763 | - | 2,182,763 |
| Interest | 9,085,806 | - | 9,085,806 |
| Difference between expected and actual experience | 745,112 | - | 745,112 |
| Changes in assumptions | 1,518,292 | - | 1,518,292 |
| Changes in benefit terms | 704,741 | - | 704,741 |
| Employer contributions | - | 5,205,407 | (5,205,407) |
| Employee contributions | - | 940,243 | (940,243) |
| Net investment income | - | 12,209,428 | (12,209,428) |
| Benefit payments and refunds | (5,573,297) | (5,573,297) | - |
| Administrative expenses | - | (18,068) | 18,068 |
| Net changes | 8,663,417 | 12,763,713 | (4,100,296) |
| Balances at end of the year | \$ 136,771,529 | \$ 81,667,488 | \$ 55,104,041 |

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 4.10% to 2.74% 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.

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Changes in the Net Pension Liability (continued)

The Village's actuaries performed a comprehensive study of Firefighter Pension Funds in the State of Illinois. They reviewed the results of the study in addition to the experience in the FPERS. The actuarial assumptions were changed in the current year to the rates shown in the Actuarial Assumptions section. The assumptions impacted include:

- Inflation Rate (CPI-U)
- Individual Pay Increases
- Mortality Rates
- Mortality Improvement Rates
- Retirement Rates
- Termination Rates
- Disability Rates
- Marital Assumptions

The above stated assumption changes were made to better reflect the future anticipated experience of the FPERS.

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, 2019 |
| Actuarial cost method | Entry-age normal |
| Economic assumptions | |
| Discount rate used for the Total Pension Liability | 7.25% |
| Expected rate of return on investments | 7.25% |
| High-Quality 20 Year tax-exempt GO Bond Rate | 2.74% |
| 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 | Market |

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Actuarial Assumptions (continued)

Demographic assumptions

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.

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. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010 Study for Disabled Participants. 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.

Other demographic assumption rates are based on a review of assumptions in the L&A 2020 study for Illinois Firefighters.

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 7.25%, 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 | \$ 75,173,229 | \$ 55,104,042 | \$ 38,754,474 |

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

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

For the year, the Village recognized FPERS pension expense of \$8,671,368 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 | \$ 2,201,122 | \$ 1,097,599 |
| Changes in assumptions | 1,494,330 | 8,438 |
| Net difference between projected and actual earnings on pension plan investments | - | 1,727,526 |
| Total | \$ 3,695,452 | \$ 2,833,563 |

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 | |
|----------------------------|-------------------|
| 2020 | \$ 27,331 |
| 2021 | 19,528 |
| 2022 | 913,272 |
| 2023 | (1,022,261) |
| 2024 | 306,586 |
| Thereafter | 617,433 |
| Total | \$ 861,889 |

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

14. PENSION TRUST FUNDS

a. Schedule of Net Position

| | Police Pension | Firefighters' Pension | Total |
|-----------------------------------|-------------------|--------------------------|-----------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,200,077 | \$ 1,334,830 | \$ 2,534,907 |
| Investments | | | |
| U.S. Treasury securities | 7,875,500 | 14,466,206 | 22,341,706 |
| U.S. agency securities | 1,174,872 | 961,605 | 2,136,477 |
| Corporate and international bonds | 17,044,480 | 11,227,218 | 28,271,698 |
| Municipal bonds | 122,347 | - | 122,347 |
| Certificates of deposit | 57,112 | - | 57,112 |
| Money market mutual funds | 502,888 | 95,687 | 598,575 |
| Equities | 60,448,217 | 53,162,130 | 113,610,347 |
| Receivables | | | |
| Accrued interest | 172,680 | 193,515 | 366,195 |
| Due from general fund | 213,622 | 226,297 | 439,919 |
| Total assets | 88,811,795 | 81,667,488 | 170,479,283 |
| LIABILITIES | | | |
| None | - | - | - |
| NET POSITION | | | |
| Restricted for pensions | \$ 88,811,795 | \$ 81,667,488 | \$ 170,479,283 |

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

14. PENSION TRUST FUNDS (Continued)

b. Schedule of Changes in Net Position

| | Police Pension | Firefighters' Pension | Total |
|---|-------------------|--------------------------|--------------------|
| ADDITIONS | | | |
| Contributions | | | |
| Employer | \$ 4,771,486 | \$ 5,205,407 | \$ 9,976,893 |
| Employee | 1,145,375 | 940,243 | 2,085,618 |
| Total contributions | 5,916,861 | 6,145,650 | 12,062,511 |
| Investment earnings | | | |
| Net increase (decrease) in the fair value of investments | 13,511,665 | 10,312,141 | 23,823,806 |
| Interest | 2,486,281 | 2,066,811 | 4,553,092 |
| Total investment earnings | 15,997,946 | 12,378,952 | 28,376,898 |
| Less investment expense | (255,663) | (169,524) | (425,187) |
| Net investment earnings | 15,742,283 | 12,209,428 | 27,951,711 |
| Total additions | 21,659,144 | 18,355,078 | 40,014,222 |
| DEDUCTIONS | | | |
| Administration | 16,500 | 18,068 | 34,568 |
| Benefits and refunds | | | |
| Retirement benefits | 5,496,722 | 5,573,297 | 11,070,019 |
| Refunds of contributions | 19,546 | - | 19,546 |
| Total deductions | 5,532,768 | 5,591,365 | 11,124,133 |
| CHANGE IN NET POSITION | 16,126,376 | 12,763,713 | 28,890,089 |
| NET POSITION | | | |
| January 1 | 72,685,419 | 68,903,775 | 141,589,194 |
| December 31 | \$ 88,811,795 | \$ 81,667,488 | \$ 170,479,283 |

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

15. SUBSEQUENT EVENT

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. As a result, equity investments of the PPERS and FPERS have experienced significant declines in quoted prices on active markets. Management of the PPERS and FPERS are carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

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, 2019

| | Original Budget | Final Budget | Actual |
|--|---------------------|-----------------------|----------------------|
| REVENUES | | | |
| Taxes | \$ 27,337,912 | \$ 27,337,912 | \$ 26,719,977 |
| Licenses and permits | 3,343,200 | 3,343,200 | 3,609,532 |
| Intergovernmental | 19,460,250 | 20,284,625 | 21,290,467 |
| Charges for services | 4,224,945 | 4,251,663 | 4,647,540 |
| Fines and forfeits | 1,954,600 | 1,954,600 | 1,681,635 |
| Investment income | 188,195 | 188,195 | 697,884 |
| Miscellaneous | 430,000 | 432,000 | 456,818 |
| Total revenues | 56,939,102 | 57,792,195 | 59,103,853 |
| EXPENDITURES | | | |
| General government | 5,772,281 | 5,412,509 | 5,190,804 |
| Public safety | 45,096,285 | 46,195,266 | 45,411,561 |
| Public works | 6,395,340 | 6,321,690 | 6,212,413 |
| Total expenditures | 57,263,906 | 57,929,465 | 56,814,778 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (324,804) | (137,270) | 2,289,075 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers (out) | - | (2,856,860) | (2,856,860) |
| Total other financing sources (uses) | - | (2,856,860) | (2,856,860) |
| NET CHANGE IN FUND BALANCE | \$ (324,804) | \$ (2,994,130) | (567,785) |
| FUND BALANCE, JANUARY 1 | | | 24,884,276 |
| FUND BALANCE, DECEMBER 31 | | | \$ 24,316,491 |

(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, 2019

| | Original Budget | Final Budget | Actual |
|--|--------------------|---------------------|---------------------|
| REVENUES | | | |
| Taxes | | | |
| Incremental property taxes | \$ 6,259,800 | \$ 6,259,800 | \$ 6,090,442 |
| Investment income | 13,110 | 13,110 | 141,937 |
| Total revenues | 6,272,910 | 6,272,910 | 6,232,379 |
| EXPENDITURES | | | |
| Economic development | | | |
| Supplies and services | 10,000 | 30,000 | 7,583 |
| Loss on disposal of land held for resale | - | 1,527,300 | 1,527,300 |
| Capital outlay | | | |
| Buildings and facilities | 365,000 | - | - |
| Rights of way improvements | 25,000 | 19,020 | 19,020 |
| Street improvements | 125,000 | 123,396 | 123,345 |
| Water system improvements | 350,000 | 305,710 | 303,464 |
| Debt service | | | |
| Principal retirement | 4,090,000 | 4,090,420 | 3,060,419 |
| Interest | 443,815 | 443,815 | 443,813 |
| Fiscal charges | 3,000 | 2,580 | 2,250 |
| Total expenditures | 5,411,815 | 6,542,241 | 5,487,194 |
| NET CHANGE IN FUND BALANCE | \$ 861,095 | \$ (269,331) | 745,185 |
| FUND BALANCE, JANUARY 1 | | | 4,566,083 |
| FUND BALANCE, DECEMBER 31 | | | \$ 5,311,268 |

(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, 2019

| | Original Budget | Final Budget | Actual |
|-----------------------------------|--------------------|---------------------|---------------------|
| REVENUES | | | |
| Taxes | | | |
| Incremental property taxes | \$ 3,111,200 | \$ 3,111,200 | \$ 3,014,256 |
| Investment income | 1,500 | 1,500 | 236,827 |
| Miscellaneous | - | - | 2,224 |
| Total revenues | 3,112,700 | 3,112,700 | 3,253,307 |
| EXPENDITURES | | | |
| Economic development | | | |
| Supplies and services | 10,000 | 10,000 | 1,548 |
| Project expenditures | 750,000 | 1,020,575 | 940,182 |
| Surplus distribution | - | 941,890 | 941,890 |
| Capital outlay | | | |
| Rights of way improvements | 90,000 | 43,724 | 43,721 |
| Water system improvements | 240,000 | 5,000 | 5,000 |
| Sewer system improvements | - | - | - |
| Debt service | | | |
| Principal retirement | 1,270,000 | 1,270,000 | 1,270,000 |
| Interest | 287,965 | 287,965 | 287,963 |
| Fiscal charges | 1,500 | 1,500 | 1,225 |
| Total expenditures | 2,649,465 | 3,580,654 | 3,491,529 |
| NET CHANGE IN FUND BALANCE | \$ 463,235 | \$ (467,954) | (238,222) |
| FUND BALANCE, JANUARY 1 | | | 10,000,266 |
| FUND BALANCE, DECEMBER 31 | | | \$ 9,762,044 |

(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 | \$ 2,685,568 | \$ 2,971,158 | \$ 2,775,424 | \$ 2,996,776 |
| Actual Contribution | 2,685,585 | 3,489,556 | 3,016,992 | 2,969,877 |
| Contribution Deficiency/(Excess) | (17) | (518,398) | (241,568) | 26,899 |
| Covered Valuation Payroll | 8,915,083 | 9,332,860 | 9,920,463 | 9,749,554 |
| Actual Contribution as a Percentage of Covered Valuation Payroll | 30.12% | 37.39% | 30.41% | 30.46% |

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 | 25-year closed period until remaining period reaches 15 years |
| Asset valuation method | 5 Year smoothed market; 20% corridor |
| Inflation | 3.50% |
| Salary increases | 3.75% to 14.50% including inflation |
| Investment rate of return | 7.50% |
| Retirement age | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 - 2013. |
| Mortality | For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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-2014 (base year 2012). 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-2014 (base year 2012). 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 |
|--------------|--------------|
| \$ 2,948,599 | \$ 3,038,973 |
| 2,951,135 | 3,371,172 |
| (2,536) | (332,199) |
| 9,823,321 | 10,117,378 |
| 30.04% | 33.32% |

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

Last Ten Fiscal Years

| Calendar Year | 2010 | 2011 | 2012 | 2013 |
|---|--------------|--------------|--------------|--------------|
| Actuarially Determined Contribution | \$ 2,685,568 | \$ 2,971,158 | \$ 2,775,424 | \$ 2,996,776 |
| Actual Contribution | 2,685,585 | 3,227,056 | 3,016,992 | 2,969,877 |
| Contribution Deficiency/(Excess) | (17) | (255,898) | (241,568) | 26,899 |
| Covered Valuation Payroll | 8,915,083 | 9,332,860 | 9,920,463 | 9,749,554 |
| Actual Contribution as a Percentage of Covered Valuation Payroll | 30.12% | 34.58% | 30.41% | 30.46% |
| Additional Voluntary Contributions | \$ - | \$ 262,500 | \$ - | \$ - |

Notes to the required supplementary information:

| | |
|---------------------------|--|
| Valuation date | December 31, 2017 |
| Actuarial cost method | Entry-age normal |
| Assumptions | |
| Amortization method | Level percentage of payroll, closed |
| Amortization target | 100% funded over 23 years |
| Asset valuation method | 5-Year Smoothed Market |
| Inflation | 2.50% |
| Salary increases | 3.25% |
| Individual pay increases | 4.00% - 15.60% |
| Investment rate of return | 7.25% |
| Mortality rates | RP-2014 Adjusted for Plan Status, Collar & Illinois Public Pension Data, as Appropriate |
| Retirement rates | L&A 2016 Illinois Police Retirement Rates Capped at age 65 |
| Termination rates | L&A 2016 Illinois Police Termination Rates |
| Disability rates | L&A 2016 Illinois Police Disability Rates |

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 actuarys and a change in the discount rate.

(See independent auditor's report.)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----|-----------|--------------|--------------|--------------|--------------|--------------|
| \$ | 2,948,599 | \$ 3,038,973 | \$ 3,441,579 | \$ 4,075,790 | \$ 4,307,574 | \$ 4,397,183 |
| | 2,951,135 | 2,994,024 | 3,424,861 | 4,027,993 | 4,250,900 | 4,539,691 |
| | (2,536) | 44,949 | 16,718 | 47,797 | 56,674 | (142,508) |
| | 9,823,321 | 10,117,378 | 10,074,104 | 10,205,207 | 10,358,270 | 10,997,170 |
| | 30.04% | 29.59% | 34.00% | 39.47% | 41.04% | 41.28% |
| \$ | - | \$ 377,148 | \$ 113,411 | \$ 15,027 | \$ 71,298 | \$ 231,795 |

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND

Last Ten Fiscal Years

| Calendar Year | 2010 | 2011 | 2012 | 2013 |
|---|--------------|--------------|--------------|--------------|
| Actuarially Determined Contribution | \$ 2,065,574 | \$ 2,268,637 | \$ 2,698,315 | \$ 2,978,383 |
| Actual Contribution | 2,032,916 | 2,383,461 | 2,876,372 | 2,958,027 |
| Contribution Deficiency/(Excess) | 32,658 | (114,824) | (178,057) | 20,356 |
| Covered Valuation Payroll | 7,608,620 | 7,329,752 | 7,723,119 | 7,812,502 |
| Actual Contribution as a Percentage of Covered Valuation Payroll | 26.72% | 32.52% | 37.24% | 37.86% |
| Additional Voluntary Contributions | \$ - | \$ 262,500 | \$ - | \$ - |

Notes to the required supplementary information:

| | |
|---------------------------|---|
| Valuation date | December 31, 2017 |
| Actuarial cost method | Entry-age normal |
| Assumptions | |
| Amortization method | Level percentage of payroll, closed |
| Amortization target | 100% funded over 23 years |
| Asset valuation method | 5-Year Smoothed Market |
| Inflation | 2.50% |
| Salary increases | 3.25% |
| Individual pay increases | 4.00% - 15.60% |
| Investment rate of return | 7.25% |
| Mortality rates | RP-2014 Adjusted for Plan Status, Collar & Illinois Public Pension Data, as Appropriate |
| Retirement rates | L&A 2016 Illinois Police Retirement Rates Capped at age 65 |
| Termination rates | L&A 2016 Illinois Police Termination Rates |
| Disability rates | L&A 2016 Illinois Police Disability Rates |

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 actuarys and a change in the discount rate.

(See independent auditor's report.)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----|-----------|--------------|--------------|--------------|--------------|--------------|
| \$ | 3,091,300 | \$ 3,238,069 | \$ 3,254,943 | \$ 3,911,411 | \$ 4,596,932 | \$ 4,654,347 |
| | 3,098,007 | 3,206,226 | 3,245,813 | 3,865,470 | 4,539,807 | 4,827,496 |
| | (6,707) | 31,843 | 9,130 | 45,941 | 57,125 | (173,149) |
| | 8,000,869 | 8,408,325 | 8,746,556 | 8,905,763 | 9,137,439 | 9,877,339 |
| | 38.72% | 38.13% | 37.11% | 43.40% | 49.68% | 48.87% |
| \$ | - | \$ 414,763 | \$ 414,324 | \$ 764,210 | \$ 135,528 | \$ 377,911 |

(See independent auditor's report.)

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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 |
|--|----------------------|----------------------|
| TOTAL PENSION LIABILITY | | |
| Service cost | \$ 719,981 | \$ 657,670 |
| Interest | 438,629 | 510,011 |
| Changes of assumptions | (856,449) | 2,088,140 |
| Benefit payments, including refunds of member contributions | <u>(573,712)</u> | <u>(639,070)</u> |
| Net change in total OPEB liability | (271,551) | 2,616,751 |
| Total OPEB liability | | |
| Beginning | 13,029,621 | 12,758,070 |
| Ending | <u>\$ 12,758,070</u> | <u>\$ 15,374,821</u> |
| Covered payroll | \$ 29,467,061 | \$ 30,295,781 |
| Employer's net pension liability as a percentage of covered payroll | 43.30% | 50.75% |

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

(See independent auditor's report.)

| 2017 | 2018 |
|------|------|
| 2018 | 2019 |

| | |
|----------------------|----------------------|
| \$ 1,134,861 | \$ 1,024,994 |
| 5,178,562 | 5,298,581 |
| 922,845 | 939,544 |
| (2,317,207) | 2,205,814 |
| <u>(3,233,210)</u> | <u>(3,294,551)</u> |
| 1,685,851 | 6,174,382 |
| <u>70,096,672</u> | <u>71,782,523</u> |
| <u>\$ 71,782,523</u> | <u>\$ 77,956,905</u> |

| | |
|----------------------|----------------------|
| \$ 1,286,486 | \$ 1,236,724 |
| 475,499 | 494,998 |
| (1,090,449) | 1,611,824 |
| 10,497,805 | (3,659,634) |
| (3,233,210) | (3,294,551) |
| 7,936,131 | (3,610,639) |
| <u>62,087,596</u> | <u>70,023,727</u> |
| <u>\$ 70,023,727</u> | <u>\$ 66,413,088</u> |
| <u>\$ 1,758,796</u> | <u>\$ 11,543,817</u> |

| | |
|---------------|---------------|
| 97.55% | 85.19% |
| \$ 10,452,192 | \$ 10,772,855 |

| | |
|--------|---------|
| 16.83% | 107.16% |
|--------|---------|

(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 |
| Contributions - other | 243 | 268 | 1,122 | - |
| 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) |
| Administrative expense | (34,045) | (35,714) | (49,552) | (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 |
|-----------------------|-----------------------|
| \$ 2,290,298 | \$ 2,233,157 |
| 8,777,152 | 9,322,558 |
| - | 624,567 |
| 1,720,631 | 1,682,132 |
| - | 4,733,370 |
| <u>(5,014,198)</u> | <u>(5,516,268)</u> |
| 7,773,883 | 13,079,516 |
| <u>123,571,263</u> | <u>131,345,146</u> |
| <u>\$ 131,345,146</u> | <u>\$ 144,424,662</u> |
| | |
| \$ 4,322,198 | \$ 4,771,486 |
| 1,077,694 | 1,145,375 |
| 90,663 | - |
| (5,144,043) | 15,742,283 |
| <u>(5,014,198)</u> | <u>(5,516,268)</u> |
| <u>(23,340)</u> | <u>(16,500)</u> |
| (4,691,026) | 16,126,376 |
| <u>77,376,445</u> | <u>72,685,419</u> |
| <u>\$ 72,685,419</u> | <u>\$ 88,811,795</u> |
| <u>\$ 58,659,727</u> | <u>\$ 55,612,867</u> |
| | |
| 55.34% | 61.49% |
| | |
| \$ 10,871,318 | \$ 10,997,170 |
| | |
| 539.58% | 505.70% |

(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 | 89,230,996 | 96,614,199 | 109,025,391 | 115,663,159 |
| Beginning | \$ 96,614,199 | \$ 109,025,391 | \$ 115,663,159 | \$ 121,500,711 |
| 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 |
| Contributions - other | - | 51 | 215 | - |
| 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) |
| Administrative expense | (22,954) | (13,428) | (14,396) | (11,665) |
| Net change in total pension liability | 2,335,394 | (822,692) | 4,259,360 | 9,750,837 |
| Plan net position | 57,290,017 | 59,625,411 | 58,802,719 | 63,062,079 |
| Beginning | \$ 59,625,411 | \$ 58,802,719 | \$ 63,062,079 | \$ 72,812,916 |
| EMPLOYER'S NET PENSION LIABILITY | \$ 36,988,788 | \$ 50,222,672 | \$ 52,601,080 | \$ 48,687,795 |
| 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 |
|-----------------------|-----------------------|
| \$ 2,174,274 | \$ 2,182,763 |
| 8,621,323 | 9,085,806 |
| - | 704,741 |
| | |
| 994,849 | 745,112 |
| (11,224) | 1,518,292 |
| | |
| <u>(5,171,821)</u> | <u>(5,573,297)</u> |
| 6,607,401 | 8,663,417 |
| | |
| <u>121,500,711</u> | <u>128,108,112</u> |
| <u>\$ 128,108,112</u> | <u>\$ 136,771,529</u> |
| | |
| \$ 4,675,335 | \$ 5,205,407 |
| 905,175 | 940,243 |
| 74,767 | - |
| (4,380,191) | 12,209,428 |
| | |
| (5,171,822) | (5,573,297) |
| <u>(12,405)</u> | <u>(18,068)</u> |
| (3,909,141) | 12,763,713 |
| | |
| <u>72,812,916</u> | <u>68,903,775</u> |
| <u>\$ 68,903,775</u> | <u>\$ 81,667,488</u> |
| | |
| <u>\$ 59,204,337</u> | <u>\$ 55,104,041</u> |
| | |

53.79% 59.71%

\$ 9,508,556 \$ 9,877,339

622.64% 557.88%

(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% |

VILLAGE OF PALATINE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2019

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 Bonds was changed based on market conditions. Additionally, the inflation rate, individual pay increases, mortality rates, mortality improvement rates, retirement rates, termination rates, disability rates, and marital assumptions were changed to better reflect the future anticipated experience of the system.

IMRF

The expected rate of return was changed from 7.5% to 7.25%. The tax-exempt municipal bond rate was changed from 3.31% to 3.71% based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date.

PPERS and FPERS

The assumed rate on High Quality 20 Year Tax Exempt General Obligation Bonds was changed based on market conditions. Additionally, the inflation rate, individual pay increases, mortality rates, mortality improvement rates, retirement rates, termination rates, disability rates, and marital assumptions were changed to better reflect the future anticipated experience of these two systems.

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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, 2019

| | Special Revenue | Capital Projects | Total Nonmajor Governmental |
|--|---------------------|----------------------|-----------------------------------|
| ASSETS | | | |
| Cash and investments | \$ 4,211,315 | \$ 10,974,219 | \$ 15,185,534 |
| Receivables (net, where applicable, of allowances for uncollectibles) | | | |
| Due from other governments | 359,455 | 546,448 | 905,903 |
| Other | 4,429 | - | 4,429 |
| Accrued interest | 17,585 | 106,345 | 123,930 |
| TOTAL ASSETS | \$ 4,592,784 | \$ 11,627,012 | \$ 16,219,796 |
| LIABILITIES | | | |
| Accounts payable | \$ 31,601 | \$ 230,971 | \$ 262,572 |
| Accrued payroll | 10,981 | - | 10,981 |
| Due to other funds | 19,565 | - | 19,565 |
| Unearned revenue | - | 11,370 | 11,370 |
| Total liabilities | 62,147 | 242,341 | 304,488 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - Park District loan | - | 30,000 | 30,000 |
| FUND BALANCES | | | |
| Restricted for streets and highways | 1,193,809 | - | 1,193,809 |
| Restricted for public safety | 1,036,603 | - | 1,036,603 |
| Restricted for economic development | 2,300,225 | - | 2,300,225 |
| Unrestricted | | | |
| Assigned for capital projects | - | 11,354,671 | 11,354,671 |
| Total fund balances | 4,530,637 | 11,354,671 | 15,885,308 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 4,592,784 | \$ 11,627,012 | \$ 16,219,796 |

(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, 2019

| | Special Revenue | Capital Projects | Total Nonmajor Governmental |
|--|---------------------|----------------------|-----------------------------------|
| REVENUES | | | |
| Taxes | \$ 4,076,060 | \$ 2,329,774 | \$ 6,405,834 |
| Intergovernmental | 3,644,030 | 208,740 | 3,852,770 |
| Charges for services | - | 405,539 | 405,539 |
| Fines and forfeits | 12,521 | - | 12,521 |
| Investment income | 135,035 | 254,877 | 389,912 |
| Miscellaneous | 8 | 109,012 | 109,020 |
| Total revenues | 7,867,654 | 3,307,942 | 11,175,596 |
| EXPENDITURES | | | |
| Current | | | |
| Public safety | 174,879 | - | 174,879 |
| Economic development | 4,986,387 | - | 4,986,387 |
| Capital outlay | 2,935,013 | 3,575,167 | 6,510,180 |
| Total expenditures | 8,096,279 | 3,575,167 | 11,671,446 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (228,625) | (267,225) | (495,850) |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds from sale of capital assets | - | 104,977 | 104,977 |
| Transfers in | - | 699,500 | 699,500 |
| Transfers (out) | - | - | - |
| Total other financing sources (uses) | - | 804,477 | 804,477 |
| NET CHANGE IN FUND BALANCES | (228,625) | 537,252 | 308,627 |
| FUND BALANCE, JANUARY 1 | 4,759,262 | 10,817,419 | 15,576,681 |
| FUND BALANCE, DECEMBER 31 | \$ 4,530,637 | \$ 11,354,671 | \$ 15,885,308 |

(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. 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.

DUI Fines Fund - to account for the expenditure of DUI 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.

Dundee Road 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/Dundee 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.

Special 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.

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VILLAGE OF PALATINE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2019

| | Motor Fuel Tax | Community Development Block Grant | Federal Equitable Sharing | State Equitable Sharing | DUI Fines |
|--|---------------------|---|---------------------------------|-------------------------------|------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 892,864 | \$ - | \$ 467,035 | \$ 283,188 | \$ 96,189 |
| Receivables | | | | | |
| Other | - | - | - | - | - |
| Due from other governments | 300,945 | 27,956 | - | - | - |
| Accrued interest | - | - | - | - | - |
| TOTAL ASSETS | \$ 1,193,809 | \$ 27,956 | \$ 467,035 | \$ 283,188 | \$ 96,189 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ 27,956 | \$ - | \$ 50 | \$ - |
| Accrued payroll | - | - | - | - | - |
| Due to other funds | - | - | - | - | - |
| Total liabilities | - | 27,956 | - | 50 | - |
| FUND BALANCES | | | | | |
| Restricted for streets and highways | 1,193,809 | - | - | - | - |
| Restricted for public safety | - | - | 467,035 | 283,138 | 96,189 |
| Restricted for economic development | - | - | - | - | - |
| Total fund balances | 1,193,809 | - | 467,035 | 283,138 | 96,189 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,193,809 | \$ 27,956 | \$ 467,035 | \$ 283,188 | \$ 96,189 |

(See independent auditor's report.)

| Foreign Fire Tax | Dundee Road TIF | Rand/ Dundee TIF | Rand/ Lake Cook TIF | Special Police Grant | Total |
|---------------------|-----------------------|------------------------|---------------------------|----------------------------|---------------------|
| \$ 185,812 | \$ 716,292 | \$ 787,847 | \$ 782,088 | \$ - | \$ 4,211,315 |
| 4,429 | - | - | - | - | 4,429 |
| - | - | - | - | 30,554 | 359,455 |
| - | - | 17,585 | - | - | 17,585 |
| \$ 190,241 | \$ 716,292 | \$ 805,432 | \$ 782,088 | \$ 30,554 | \$ 4,592,784 |

| | | | | | |
|-------------------|-------------------|-------------------|-------------------|------------------|---------------------|
| \$ - | \$ - | \$ - | \$ 3,587 | \$ 8 | \$ 31,601 |
| - | - | - | - | 10,981 | 10,981 |
| - | - | - | - | 19,565 | 19,565 |
| - | - | - | 3,587 | 30,554 | 62,147 |
| - | - | - | - | - | 1,193,809 |
| 190,241 | - | - | - | - | 1,036,603 |
| - | 716,292 | 805,432 | 778,501 | - | 2,300,225 |
| 190,241 | 716,292 | 805,432 | 778,501 | - | 4,530,637 |
| \$ 190,241 | \$ 716,292 | \$ 805,432 | \$ 782,088 | \$ 30,554 | \$ 4,592,784 |

(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, 2019

| | Motor Fuel Tax | Community Development Block Grant | Federal Equitable Sharing | State Equitable Sharing | DUI Fines |
|---------------------------------|-------------------|---|---------------------------------|-------------------------------|---------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 2,261,264 | 987,589 | 178,774 | 22,571 | - |
| Fines and forfeits | - | - | - | - | 12,521 |
| Investment income | 14,582 | - | 9,499 | 6,345 | 2,143 |
| Miscellaneous | - | - | - | - | - |
| Total revenues | 2,275,846 | 987,589 | 188,273 | 28,916 | 14,664 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Public safety | - | - | 23,060 | 2,308 | 4,821 |
| Economic development | - | 163,217 | - | - | - |
| Capital outlay | 2,095,152 | 824,372 | - | - | - |
| Total expenditures | 2,095,152 | 987,589 | 23,060 | 2,308 | 4,821 |
| NET CHANGE IN FUND BALANCES | 180,694 | - | 165,213 | 26,608 | 9,843 |
| FUND BALANCES, JANUARY 1 | 1,013,115 | - | 301,822 | 256,530 | 86,346 |
| FUND BALANCES, DECEMBER 31 | \$ 1,193,809 | \$ - | \$ 467,035 | \$ 283,138 | \$ 96,189 |

(See independent auditor's report.)

| Foreign Fire Tax | Dundee Road TIF | Rand/Dundee TIF | Rand/ Lake Cook TIF | Special Police Grant | Total |
|---------------------|-------------------------|-----------------------|---------------------------|------------------------------------|---------------------------------------|
| \$ 93,680 | \$ 3,312,549 | \$ 312,878 | \$ 450,633 | \$ - | \$ 4,076,060 |
| - | - | - | - | 100,152 | 3,644,030 |
| 207 | 68,034 | 21,254 | 12,971 | - | 12,521 |
| 8 | - | - | - | - | 135,035 |
| | | | | | 8 |
| 93,895 | 3,380,583 | 334,132 | 463,604 | 100,152 | 7,867,654 |
| 44,538 | - 4,408,170 - | - 415,000 - | - 15,489 | 100,152 - - 2,935,013 | 174,879 4,986,387 2,935,013 |
| 44,538 | 4,408,170 | 415,000 | 15,489 | 100,152 | 8,096,279 |
| 49,357 | (1,027,587) | (80,868) | 448,115 | - | (228,625) |
| 140,884 | 1,743,879 | 886,300 | 330,386 | - | 4,759,262 |
| \$ 190,241 | \$ 716,292 | \$ 805,432 | \$ 778,501 | \$ - | \$ 4,530,637 |

(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, 2019

| | Original Budget | Final Budget | Actual |
|---------------------------------------|----------------------|----------------------|----------------------|
| REVENUES | | | |
| Intergovernmental | | | |
| Motor fuel tax allotment | \$ 1,746,000 | \$ 1,746,000 | \$ 2,261,264 |
| Investment income | 750 | 750 | 14,582 |
| Total revenues | 1,746,750 | 1,746,750 | 2,275,846 |
| EXPENDITURES | | | |
| Capital outlay | | | |
| Street improvements | 2,130,470 | 2,187,368 | 2,095,152 |
| Total expenditures | 2,130,470 | 2,187,368 | 2,095,152 |
| NET CHANGE IN FUND BALANCE | \$ (383,720) | \$ (440,618) | 180,694 |
| FUND BALANCE, JANUARY 1 | | | 1,013,115 |
| FUND BALANCE, DECEMBER 31 | | | \$ 1,193,809 |

(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, 2019

| | Original Budget | Final Budget | Actual |
|------------------------------------|--------------------|-----------------|------------|
| REVENUES | | | |
| Intergovernmental | | | |
| Grants | \$ 481,496 | \$ 992,519 | \$ 987,589 |
| Total revenues | 481,496 | 992,519 | 987,589 |
| EXPENDITURES | | | |
| Economic development | | | |
| Administration | 1,000 | 1,000 | 456 |
| Administrative fees - General Fund | 95,299 | 95,299 | 95,299 |
| Social service agencies | 72,224 | 71,224 | 67,462 |
| Capital outlay | | | |
| Rights of way improvements | 312,973 | 824,996 | 824,372 |
| Total expenditures | 481,496 | 992,519 | 987,589 |
| 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, 2019

| | Original Budget | Final Budget | Actual |
|----------------------------|--------------------|-------------------|-------------------|
| REVENUES | | | |
| Intergovernmental | | | |
| Grants | \$ 20,000 | \$ 20,000 | \$ 178,774 |
| Investment income | - | - | 9,499 |
| | | | |
| Total revenues | <u>20,000</u> | <u>20,000</u> | <u>188,273</u> |
| EXPENDITURES | | | |
| Public safety | | | |
| Police | | | |
| Supplies and services | 20,000 | 25,450 | 23,060 |
| | | | |
| Total expenditures | <u>20,000</u> | <u>25,450</u> | <u>23,060</u> |
| | | | |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ (5,450)</u> | <u>165,213</u> |
| | | | |
| FUND BALANCE, JANUARY 1 | | | <u>301,822</u> |
| | | | |
| FUND BALANCE, DECEMBER 31 | | | <u>\$ 467,035</u> |

(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, 2019

| | Original Budget | Final Budget | Actual |
|----------------------------|----------------------|-----------------|--------------------------|
| REVENUES | | | |
| Intergovernmental | | | |
| Grants | \$ 5,000 | \$ 5,000 | \$ 22,571 |
| Investment income | - - | - - | 6,345 |
| Total revenues | <u>5,000</u> | <u>5,000</u> | <u>28,916</u> |
| EXPENDITURES | | | |
| Public safety | | | |
| Police | | | |
| Supplies and services | 5,000 | 5,000 | 2,308 |
| Total expenditures | <u>5,000</u> | <u>5,000</u> | <u>2,308</u> |
| NET CHANGE IN FUND BALANCE | <u><u>\$ - -</u></u> | | <u><u>26,608</u></u> |
| FUND BALANCE, JANUARY 1 | | | <u><u>256,530</u></u> |
| FUND BALANCE, DECEMBER 31 | | | <u><u>\$ 283,138</u></u> |

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual |
|---------------------------------------|--------------------|-----------------|---------------|
| REVENUES | | | |
| Fines and forfeits | | | |
| DUI fines | \$ 20,000 | \$ 20,000 | \$ 12,521 |
| Investment income | - | - | 2,143 |
| Total revenues | 20,000 | 20,000 | 14,664 |
| EXPENDITURES | | | |
| Public safety | | | |
| Police | | | |
| Supplies and services | 5,000 | 5,000 | 4,821 |
| Total expenditures | 5,000 | 5,000 | 4,821 |
| NET CHANGE IN FUND BALANCE | \$ 15,000 | \$ 15,000 | 9,843 |
| FUND BALANCE, JANUARY 1 | | | 86,346 |
| FUND BALANCE, DECEMBER 31 | | | \$ 96,189 |

(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, 2019

| | Original Budget | Final Budget | Actual |
|-----------------------------------|--------------------|-----------------|------------|
| REVENUES | | | |
| Intergovernmental | | | |
| Foreign fire tax | \$ 70,000 | \$ 70,000 | \$ 93,680 |
| Investment income | - | - | 207 |
| Miscellaneous | | | |
| Other | - | - | 8 |
| | | | |
| Total revenues | 70,000 | 70,000 | 93,895 |
| EXPENDITURES | | | |
| Public safety | | | |
| Fire | | | |
| Supplies and services | 70,000 | 70,000 | 44,538 |
| | | | |
| Total expenditures | 70,000 | 70,000 | 44,538 |
| NET CHANGE IN FUND BALANCE | \$ - | \$ - | 49,357 |
| FUND BALANCE, JANUARY 1 | | | 140,884 |
| FUND BALANCE, DECEMBER 31 | | | \$ 190,241 |

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual |
|--------------------------------|--------------------|--------------------|--------------------|
| REVENUES | | | |
| Taxes | | | |
| Incremental property taxes | \$ 3,164,400 | \$ 3,164,400 | \$ 3,312,549 |
| Investment income | 250 | 250 | 68,034 |
| Total revenues | 3,164,650 | 3,164,650 | 3,380,583 |
| EXPENDITURES | | | |
| Economic development | | | |
| Project expenditures | - | 143,196 | 34,733 |
| Surplus distribution | 828,000 | 4,373,440 | 4,373,437 |
| Total expenditures | 828,000 | 4,516,636 | 4,408,170 |
| NET CHANGE IN FUND BALANCE | \$ 2,336,650 | \$ (1,351,986) | \$ (1,027,587) |
| FUND BALANCE, JANUARY 1 | | | \$ 1,743,879 |
| FUND BALANCE, DECEMBER 31 | | | \$ 716,292 |

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual |
|---------------------------------------|---------------------|---------------------|--------------------|
| REVENUES | | | |
| Taxes | | | |
| Incremental property taxes | \$ 318,500 | \$ 318,500 | \$ 312,878 |
| Investment income | 750 | 750 | 21,254 |
| Total revenues | 319,250 | 319,250 | 334,132 |
| EXPENDITURES | | | |
| Economic development | | | |
| Surplus distribution | 415,000 | 415,000 | 415,000 |
| Total expenditures | 415,000 | 415,000 | 415,000 |
| NET CHANGE IN FUND BALANCE | \$ (95,750) | \$ (95,750) | (80,868) |
| FUND BALANCE, JANUARY 1 | | | 886,300 |
| FUND BALANCE, DECEMBER 31 | | | \$ 805,432 |

(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, 2019

| | Original Budget | Final Budget | Actual |
|---------------------------------------|--------------------|------------------|----------------|
| REVENUES | | | |
| Taxes | | | |
| Incremental property taxes | \$ 212,500 | \$ 212,500 | \$ 450,633 |
| Investment income | - | - | 12,971 |
| Total revenues | 212,500 | 212,500 | 463,604 |
| EXPENDITURES | | | |
| Economic development | | | |
| Project expenditures | 372,860 | 586,760 | - |
| Capital outlay | | | |
| Rights of way improvements | - | 16,017 | 15,489 |
| Total expenditures | 372,860 | 602,777 | 15,489 |
| NET CHANGE IN FUND BALANCE | \$ (160,360) | \$ (390,277) | 448,115 |
| FUND BALANCE, JANUARY 1 | | | 330,386 |
| FUND BALANCE, DECEMBER 31 | | | \$ 778,501 |

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual |
|--------------------------------------|--------------------|-----------------|------------|
| REVENUES | | | |
| Intergovernmental Grants | \$ - | \$ 100,154 | \$ 100,152 |
| Total revenues | - - | 100,154 | 100,152 |
| EXPENDITURES | | | |
| Public safety Police Personnel | - - | 100,154 | 100,152 |
| Total expenditures | - - | 100,154 | 100,152 |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>- -</u> |
| FUND BALANCE, JANUARY 1 | | | - - |
| FUND BALANCE, DECEMBER 31 | | <u>\$ -</u> | <u>- -</u> |

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual |
|--|------------------------|------------------------|------------------------|
| REVENUES | | | |
| None | \$ - | \$ - | \$ - |
| Total revenues | - - | - - | - - |
| EXPENDITURES | | | |
| Economic development | - - | - - | - - |
| None | - - | - - | - - |
| Total expenditures | - - | - - | - - |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | |
| | - - | - - | - - |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - 607,000 | - 607,000 | - 607,000 |
| Total other financing sources (uses) | - - | - 607,000 | - - |
| NET CHANGE IN FUND BALANCE | <u>\$ - \$ 607,000</u> | <u>\$ - \$ 607,000</u> | <u>\$ - \$ 607,000</u> |
| FUND BALANCE, JANUARY 1 | | | |
| FUND BALANCE, DECEMBER 31 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

(See independent auditor's report.)

Nonmajor Capital Projects Funds

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

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

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS

December 31, 2019

| | Capital Equipment Acquisition | Capital Improvement | Total |
|--|-------------------------------------|------------------------|----------------------|
| ASSETS | | | |
| Cash and investments | \$ 6,703,696 | \$ 4,270,523 | \$ 10,974,219 |
| Receivables | | | |
| Due from other governments | 173,084 | 373,364 | 546,448 |
| Accrued interest | 47,430 | 58,915 | 106,345 |
| TOTAL ASSETS | \$ 6,924,210 | \$ 4,702,802 | \$ 11,627,012 |
| LIABILITIES | | | |
| Accounts payable | \$ 103,551 | \$ 127,420 | \$ 230,971 |
| Unearned revenue | 11,370 | - | 11,370 |
| Total liabilities | 114,921 | 127,420 | 242,341 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - | | | |
| Park District loan | 30,000 | - | 30,000 |
| FUND BALANCES | | | |
| Unrestricted | | | |
| Assigned for capital projects | 6,779,289 | 4,575,382 | 11,354,671 |
| Total fund balances | 6,779,289 | 4,575,382 | 11,354,671 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 6,924,210 | \$ 4,702,802 | \$ 11,627,012 |

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2019

| | Capital Equipment Acquisition | Capital Improvement | Total |
|--|-------------------------------------|------------------------|----------------------|
| REVENUES | | | |
| Taxes | \$ 1,179,851 | \$ 1,149,923 | \$ 2,329,774 |
| Intergovernmental | - | 208,740 | 208,740 |
| Charges for services | 349,178 | 56,361 | 405,539 |
| Investment income | 150,767 | 104,110 | 254,877 |
| Miscellaneous | 2,478 | 106,534 | 109,012 |
| Total revenues | 1,682,274 | 1,625,668 | 3,307,942 |
| EXPENDITURES | | | |
| Capital outlay | 1,828,775 | 1,746,392 | 3,575,167 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (146,501) | (120,724) | (267,225) |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds from sale of capital assets | 59,681 | 45,296 | 104,977 |
| Transfers in | 592,000 | 107,500 | 699,500 |
| Total other financing sources (uses) | 651,681 | 152,796 | 804,477 |
| NET CHANGE IN FUND BALANCE | 505,180 | 32,072 | 537,252 |
| FUND BALANCE, JANUARY 1 | 6,274,109 | 4,543,310 | 10,817,419 |
| FUND BALANCE, DECEMBER 31 | \$ 6,779,289 | \$ 4,575,382 | \$ 11,354,671 |

(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, 2019

| | Original Budget | Final Budget | Actual |
|--|---------------------|-------------------|---------------------|
| REVENUES | | | |
| Taxes | | | |
| Telecommunication | \$ 621,070 | \$ 621,070 | \$ 564,851 |
| Electric utility use tax | 615,000 | 615,000 | 615,000 |
| Charges for services | | | |
| Rental income | 194,070 | 194,070 | 349,178 |
| Investment income | 7,500 | 7,500 | 150,767 |
| Miscellaneous | | | |
| Reimbursements | - | - | 2,478 |
| Total revenues | 1,437,640 | 1,437,640 | 1,682,274 |
| EXPENDITURES | | | |
| Capital outlay | | | |
| Technology | 347,100 | 477,580 | 430,046 |
| Vehicles and equipment | 532,955 | 1,402,082 | 1,398,729 |
| Total expenditures | 880,055 | 1,879,662 | 1,828,775 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 557,585 | (442,022) | (146,501) |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds from sale of capital assets | 50,000 | 50,000 | 59,681 |
| Transfers in | 592,000 | 592,000 | 592,000 |
| Total other financing sources (uses) | 642,000 | 642,000 | 651,681 |
| NET CHANGE IN FUND BALANCE | \$ 1,199,585 | \$ 199,978 | 505,180 |
| FUND BALANCE, JANUARY 1 | | | 6,274,109 |
| FUND BALANCE, DECEMBER 31 | | | \$ 6,779,289 |

(See independent auditor's report.)

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, 2019

| | Original Budget | Final Budget | Actual |
|--|--------------------|------------------|------------------|
| REVENUES | | | |
| Taxes | | | |
| Telecommunication | \$ 714,560 | \$ 714,560 | \$ 649,923 |
| Electric utility use tax | 500,000 | 500,000 | 500,000 |
| Intergovernmental | | | |
| Park district reimbursement | - | 72,112 | - |
| Grants | - | 208,740 | 208,740 |
| Charges for services | | | |
| Improvement cost sharing programs | - | - | 56,361 |
| Investment income | 7,500 | 7,500 | 104,110 |
| Miscellaneous | | | |
| Reimbursements | - | - | 106,534 |
| Total revenues | 1,222,060 | 1,502,912 | 1,625,668 |
| EXPENDITURES | | | |
| Capital outlay | | | |
| Buildings and facilities | 5,000 | 28,285 | 27,415 |
| Rights of way improvements | 349,000 | 444,316 | 443,704 |
| Street improvements | 951,925 | 1,275,372 | 1,275,273 |
| Total expenditures | 1,305,925 | 1,747,973 | 1,746,392 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (83,865) | (245,061) | (120,724) |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds from sale of capital assets | - | - | 45,296 |
| Transfers in | 107,500 | 107,500 | 107,500 |
| Total other financing sources (uses) | 107,500 | 107,500 | 152,796 |
| NET CHANGE IN FUND BALANCE | \$ 23,635 | \$ (137,561) | 32,072 |
| FUND BALANCE, JANUARY 1 | | | 4,543,310 |
| FUND BALANCE, DECEMBER 31 | | | \$ 4,575,382 |

(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.

Health Insurance Fund - to account for the Village's self-administered health insurance program. Financing is provided through employee and employer contributions.

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, 2019

| | Fleet Services | Health Insurance | Casualty and Liability Insurance | Total |
|---|-------------------|---------------------|--|---------------------|
| CURRENT ASSETS | | | | |
| Cash and investments | \$ 957,532 | \$ 2,350,380 | \$ 6,040,649 | \$ 9,348,561 |
| Receivables | | | | |
| Other | 37,720 | - | - | 37,720 |
| Accrued interest | - | 24,645 | 47,010 | 71,655 |
| Inventories | 205,775 | - | - | 205,775 |
| Total current assets | 1,201,027 | 2,375,025 | 6,087,659 | 9,663,711 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension items | 448,795 | - | - | 448,795 |
| OPEB items | 5,678 | - | - | 5,678 |
| Total deferred outflows of resources | 454,473 | - | - | 454,473 |
| CURRENT LIABILITIES | | | | |
| Accounts payable | 113,034 | 3,000 | - | 116,034 |
| Accrued payroll | 29,270 | - | - | 29,270 |
| Claims payable | - | 798,582 | 197,730 | 996,312 |
| Compensated absences payable | 10,035 | - | - | 10,035 |
| Net OPEB liability | 1,917 | - | - | 1,917 |
| Total current liabilities | 154,256 | 801,582 | 197,730 | 1,153,568 |
| LONG-TERM LIABILITIES | | | | |
| Claims payable | - | - | 1,598,220 | 1,598,220 |
| Compensated absences payable | 40,130 | - | - | 40,130 |
| Net pension liability | 612,537 | - | - | 612,537 |
| Net OPEB liability | 44,207 | - | - | 44,207 |
| Total long-term liabilities | 696,874 | - | 1,598,220 | 2,295,094 |
| Total liabilities | 851,130 | 801,582 | 1,795,950 | 3,448,662 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension items | 61,093 | - | - | 61,093 |
| OPEB items | 2,088 | - | - | 2,088 |
| Total deferred inflows of resources | 63,181 | - | - | 63,181 |
| NET POSITION | | | | |
| Unrestricted | 741,189 | 1,573,443 | 4,291,709 | 6,606,341 |
| TOTAL NET POSITION | \$ 741,189 | \$ 1,573,443 | \$ 4,291,709 | \$ 6,606,341 |

(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, 2019

| | Fleet Services | Health Insurance | Casualty and Liability Insurance | Total |
|--|-------------------|---------------------|--|---------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 1,738,578 | \$ 7,530,222 | \$ 1,505,700 | \$ 10,774,500 |
| Miscellaneous | 117,316 | 692 | 58,716 | 176,724 |
| Total operating revenues | 1,855,894 | 7,530,914 | 1,564,416 | 10,951,224 |
| OPERATING EXPENSES | | | | |
| Costs of sales and services | 1,825,424 | 7,123,487 | 2,279,484 | 11,228,395 |
| Total operating expenses | 1,825,424 | 7,123,487 | 2,279,484 | 11,228,395 |
| OPERATING INCOME (LOSS) | 30,470 | 407,427 | (715,068) | (277,171) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment income | 21,529 | 49,931 | 129,723 | 201,183 |
| Total nonoperating revenues (expenses) | 21,529 | 49,931 | 129,723 | 201,183 |
| CHANGE IN NET POSITION | 51,999 | 457,358 | (585,345) | (75,988) |
| NET POSITION, JANUARY 1 | 689,190 | 1,116,085 | 4,877,054 | 6,682,329 |
| NET POSITION, DECEMBER 31 | \$ 741,189 | \$ 1,573,443 | \$ 4,291,709 | \$ 6,606,341 |

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2019

| | Fleet Services | Health Insurance | Casualty and Liability Insurance | Total |
|--|-------------------|---------------------|--|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers and users | \$ 256,049 | \$ 1,367,082 | \$ 58,716 | \$ 1,681,847 |
| Receipts from interfund services transactions | 1,580,360 | 6,155,431 | 1,505,700 | 9,241,491 |
| Payments to suppliers | (961,101) | (7,174,838) | (1,678,895) | (9,814,834) |
| Payments to employees | (866,256) | - | - | (866,256) |
| Net cash from operating activities | 9,052 | 347,675 | (114,479) | 242,248 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfers (out) | - | - | - | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| None | - | - | - | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest received | 21,529 | 29,891 | 124,518 | 175,938 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 30,581 | 377,566 | 10,039 | 418,186 |
| CASH AND CASH EQUIVALENTS, JANUARY 1 | 926,951 | 1,972,814 | 6,030,610 | 8,930,375 |
| CASH AND CASH EQUIVALENTS, DECEMBER 31 | <u>\$ 957,532</u> | <u>\$ 2,350,380</u> | <u>\$ 6,040,649</u> | <u>\$ 9,348,561</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Operating income (loss) | \$ 30,470 | \$ 407,427 | \$ (715,068) | \$ (277,171) |
| Adjustments to reconcile operating income (loss) to net cash from operating activities | | | | |
| (A) Increase (decrease) in | | | | |
| Other receivables | (19,485) | - | - | (19,485) |
| Prepaid items | - | 70,816 | - | 70,816 |
| Inventories | (13,820) | - | - | (13,820) |
| Deferred outflows related to pensions | (376,430) | - | - | (376,430) |
| Deferred outflows related to OPEB | (5,678) | - | - | (5,678) |
| (B) Increase (decrease) in | | | | |
| Accounts payable | 25,104 | 3,000 | (76) | 28,028 |
| Accrued payroll | 3,516 | - | - | 3,516 |
| Claims payable | - | (125,167) | 600,665 | 475,498 |
| Unearned revenue | - | (8,401) | - | (8,401) |
| Compensated absences payable | 7,505 | - | - | 7,505 |
| Net pension liability | 587,101 | - | - | 587,101 |
| Net OPEB liability | 7,850 | - | - | 7,850 |
| Deferred inflows related to pensions | (236,840) | - | - | (236,840) |
| Deferred inflows related to OPEB | (241) | - | - | (241) |
| NET CASH FROM OPERATING ACTIVITIES | <u>\$ 9,052</u> | <u>\$ 347,675</u> | <u>\$ (114,479)</u> | <u>\$ 242,248</u> |

(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, 2019

| | Original Budget | Final Budget | Actual |
|---|--------------------|-----------------|--------------|
| OPERATING REVENUES | | | |
| Charges for services | | | |
| Vehicle maintenance | \$ 1,771,590 | \$ 1,771,590 | \$ 1,738,578 |
| Miscellaneous | | | |
| Recoveries and refunds | 15,000 | 15,000 | 117,149 |
| Other | - | - | 167 |
| | <hr/> | <hr/> | <hr/> |
| Total operating revenues | 1,786,590 | 1,786,590 | 1,855,894 |
| OPERATING EXPENSES | | | |
| Costs of sales and services | | | |
| Public works | | | |
| Personnel | 883,970 | 893,970 | 853,039 |
| Supplies and services | 1,011,540 | 1,001,540 | 972,385 |
| | <hr/> | <hr/> | <hr/> |
| Total operating expenses | 1,895,510 | 1,895,510 | 1,825,424 |
| OPERATING INCOME (LOSS) | (108,920) | (108,920) | 30,470 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment income | 5,000 | 5,000 | 21,529 |
| | <hr/> | <hr/> | <hr/> |
| CHANGE IN NET POSITION | \$ (103,920) | \$ (103,920) | 51,999 |
| | <hr/> | <hr/> | <hr/> |
| NET POSITION, JANUARY 1 | | | 689,190 |
| | <hr/> | <hr/> | <hr/> |
| NET POSITION, DECEMBER 31 | | | \$ 741,189 |
| | <hr/> | <hr/> | <hr/> |

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual |
|---|--------------------|--------------------|----------------------------|
| OPERATING REVENUES | | | |
| Charges for services | | | |
| Insurance fees and premiums | | | |
| Retiree | \$ 800,000 | \$ 800,000 | \$ 727,366 |
| COBRA | - | - | 9,141 |
| Employee | 686,685 | 686,685 | 638,284 |
| Employer | 6,149,215 | 6,149,215 | 6,155,431 |
| Miscellaneous | | | |
| Reimbursements | - | - | 692 |
| Total operating revenues | <u>7,635,900</u> | <u>7,635,900</u> | <u>7,530,914</u> |
| OPERATING EXPENSES | | | |
| Costs of sales and services | | | |
| Administration | 1,761,425 | 1,466,825 | 1,060,641 |
| Insurance claims | 5,938,500 | 6,233,100 | 6,062,846 |
| Total operating expenses | <u>7,699,925</u> | <u>7,699,925</u> | <u>7,123,487</u> |
| OPERATING INCOME (LOSS) | (64,025) | (64,025) | 407,427 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment income | 10,000 | 10,000 | 49,931 |
| CHANGE IN NET POSITION | <u>\$ (54,025)</u> | <u>\$ (54,025)</u> | <u>457,358</u> |
| NET POSITION, JANUARY 1 | | | <u>1,116,085</u> |
| NET POSITION, DECEMBER 31 | | | <u><u>\$ 1,573,443</u></u> |

(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, 2019

| | Original Budget | Final Budget | Actual |
|---|---------------------|---------------------|---------------------|
| OPERATING REVENUES | | | |
| Charges for services | | | |
| Insurance fees and premiums | \$ 1,505,700 | \$ 1,505,700 | \$ 1,505,700 |
| Miscellaneous | | | |
| Reimbursements | - | 58,715 | 58,716 |
| Total operating revenues | 1,505,700 | 1,564,415 | 1,564,416 |
| OPERATING EXPENSES | | | |
| Costs of sales and services | | | |
| Administration | 960,260 | 960,260 | 887,933 |
| Insurance claims | 815,000 | 1,319,225 | 1,391,551 |
| Total operating expenses | 1,775,260 | 2,279,485 | 2,279,484 |
| OPERATING INCOME (LOSS) | (269,560) | (715,070) | (715,068) |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment income | 15,000 | 129,720 | 129,723 |
| CHANGE IN NET POSITION | \$ (254,560) | \$ (585,350) | \$ (585,345) |
| NET POSITION, JANUARY 1 | | | 4,877,054 |
| NET POSITION, DECEMBER 31 | | | \$ 4,291,709 |

(See independent auditor's report.)

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.

Custodial Fund

Special Service Area Fund - to account for the debt service expenditures to retire special service area bonds for which the Village has no obligation. Funding is provided by an ad valorem tax on all of the parcels within the special service area tax.

VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF NET POSITION
PENSION TRUST FUNDS

December 31, 2019

| | Police Pension | Firefighters' Pension | Total |
|-----------------------------------|----------------------|--------------------------|-----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,200,077 | \$ 1,334,830 | \$ 2,534,907 |
| Investments | | | |
| U.S. Treasury securities | 7,875,500 | 14,466,206 | 22,341,706 |
| U.S. agency securities | 1,174,872 | 961,605 | 2,136,477 |
| Corporate and international bonds | 17,044,480 | 11,227,218 | 28,271,698 |
| Municipal bonds | 122,347 | - | 122,347 |
| Certificates of deposit | 57,112 | - | 57,112 |
| Money market mutual funds | 502,888 | 95,687 | 598,575 |
| Equities | 60,448,217 | 53,162,130 | 113,610,347 |
| Receivables | | | |
| Accrued interest | 172,680 | 193,515 | 366,195 |
| Due from general fund | 213,622 | 226,297 | 439,919 |
| Total assets | <u>88,811,795</u> | <u>81,667,488</u> | <u>170,479,283</u> |
| LIABILITIES | | | |
| None | - | - | - |
| NET POSITION | | | |
| Restricted for pensions | <u>\$ 88,811,795</u> | <u>\$ 81,667,488</u> | <u>\$ 170,479,283</u> |

(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, 2019

| | Police Pension | Firefighters' Pension | Total |
|---|-------------------|--------------------------|----------------|
| ADDITIONS | | | |
| Contributions | | | |
| Employer | \$ 4,771,486 | \$ 5,205,407 | \$ 9,976,893 |
| Employee | 1,145,375 | 940,243 | 2,085,618 |
| | | | |
| Total contributions | 5,916,861 | 6,145,650 | 12,062,511 |
| | | | |
| Investment earnings | | | |
| Net increase (decrease) in the fair value of investments | 13,511,665 | 10,312,141 | 23,823,806 |
| Interest | 2,486,281 | 2,066,811 | 4,553,092 |
| | | | |
| Total investment earnings | 15,997,946 | 12,378,952 | 28,376,898 |
| Less investment expense | (255,663) | (169,524) | (425,187) |
| | | | |
| Net investment earnings | 15,742,283 | 12,209,428 | 27,951,711 |
| | | | |
| Total additions | 21,659,144 | 18,355,078 | 40,014,222 |
| | | | |
| DEDUCTIONS | | | |
| Administration | 16,500 | 18,068 | 34,568 |
| Benefits and refunds | | | |
| Retirement benefits | 5,496,722 | 5,573,297 | 11,070,019 |
| Refunds of contributions | 19,546 | - | 19,546 |
| | | | |
| Total deductions | 5,532,768 | 5,591,365 | 11,124,133 |
| | | | |
| CHANGE IN NET POSITION | 16,126,376 | 12,763,713 | 28,890,089 |
| NET POSITION | | | |
| January 1 | 72,685,419 | 68,903,775 | 141,589,194 |
| | | | |
| December 31 | \$ 88,811,795 | \$ 81,667,488 | \$ 170,479,283 |

(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, 2019

| | Original Budget | Final Budget | Actual |
|---|--------------------|-------------------|----------------------|
| ADDITIONS | | | |
| Contributions | | | |
| Employer | \$ 4,562,000 | \$ 4,834,470 | \$ 4,771,486 |
| Employee | 1,140,690 | 1,140,690 | 1,145,375 |
| Total contributions | <u>5,702,690</u> | <u>5,975,160</u> | <u>5,916,861</u> |
| Investment earnings | | | |
| Net increase (decrease) in the fair value of investments | 250,000 | 250,000 | 13,511,665 |
| Interest | 750,000 | 750,000 | 2,486,281 |
| Total investment earnings | <u>1,000,000</u> | <u>1,000,000</u> | <u>15,997,946</u> |
| Less investment expense | <u>(300,000)</u> | <u>(300,000)</u> | <u>(255,663)</u> |
| Net investment earnings | <u>700,000</u> | <u>700,000</u> | <u>15,742,283</u> |
| Total additions | <u>6,402,690</u> | <u>6,675,160</u> | <u>21,659,144</u> |
| DEDUCTIONS | | | |
| Administration | 62,000 | 62,000 | 16,500 |
| Benefits and refunds | | | |
| Retirement benefits | 5,595,000 | 5,595,000 | 5,496,722 |
| Refunds of contributions | 100,000 | 100,000 | 19,546 |
| Total deductions | <u>5,757,000</u> | <u>5,757,000</u> | <u>5,532,768</u> |
| CHANGE IN NET POSITION | <u>\$ 645,690</u> | <u>\$ 918,160</u> | <u>16,126,376</u> |
| NET POSITION | | | |
| January 1 | | | <u>72,685,419</u> |
| December 31 | | | <u>\$ 88,811,795</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, 2019

| | Original Budget | Final Budget | Actual |
|---|--------------------|-------------------|----------------------|
| ADDITIONS | | | |
| Contributions | | | |
| Employer | \$ 4,819,000 | \$ 5,260,065 | \$ 5,205,407 |
| Employee | 944,675 | 944,675 | 940,243 |
| Total contributions | <u>5,763,675</u> | <u>6,204,740</u> | <u>6,145,650</u> |
| Investment earnings | | | |
| Net increase (decrease) in the fair value of investments | 250,000 | 250,000 | 10,312,141 |
| Interest | 750,000 | 750,000 | 2,066,811 |
| Total investment earnings | <u>1,000,000</u> | <u>1,000,000</u> | <u>12,378,952</u> |
| Less investment expense | <u>(250,000)</u> | <u>(239,850)</u> | <u>(169,524)</u> |
| Net investment earnings | <u>750,000</u> | <u>760,150</u> | <u>12,209,428</u> |
| Total additions | <u>6,513,675</u> | <u>6,964,890</u> | <u>18,355,078</u> |
| DEDUCTIONS | | | |
| Administration | 38,500 | 38,500 | 18,068 |
| Benefits and refunds | | | |
| Retirement benefits | 6,050,000 | 6,060,150 | 5,573,297 |
| Total deductions | <u>6,088,500</u> | <u>6,098,650</u> | <u>5,591,365</u> |
| CHANGE IN NET POSITION | <u>\$ 425,175</u> | <u>\$ 866,240</u> | <u>12,763,713</u> |
| NET POSITION | | | |
| January 1 | | | <u>68,903,775</u> |
| December 31 | | | <u>\$ 81,667,488</u> |

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF NET POSITION
CUSTODIAL FUND - SPECIAL SERVICE AREA FUND

December 31, 2019

ASSETS

| | |
|------------------------------|----------------------|
| Cash and cash equivalents | \$ 1,312,888 |
| Receivables - Property taxes | <u>588,894</u> |
| Total assets | <u>1,901,782</u> |

LIABILITIES

| | |
|------|----------|
| None | <u>-</u> |
|------|----------|

DEFERRED INFLOWS OF RESOURCES

| | |
|-------------------------|----------------|
| Deferred property taxes | <u>588,400</u> |
|-------------------------|----------------|

NET POSITION

| | |
|-----------------------------|---------------------|
| Restricted for debt service | <u>\$ 1,313,382</u> |
|-----------------------------|---------------------|

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF CHANGES IN NET POSITION
CUSTODIAL FUND - SPECIAL SERVICE AREA FUND

For the Year Ended December 31, 2019

ADDITIONS

| | |
|---------------------|----------------|
| Contributions | |
| Property owner | \$ 608,898 |
| Investment earnings | |
| Interest | <u>27,132</u> |
| Total additions | <u>636,030</u> |

DEDUCTIONS

| | |
|----------------------|----------------|
| Debt service | |
| Principal retirement | 95,000 |
| Interest | 487,125 |
| Fiscal charges | <u>3,000</u> |
| Total deductions | <u>585,125</u> |

| | |
|------------------------|--------|
| CHANGE IN NET POSITION | 50,905 |
|------------------------|--------|

NET POSITION

| | |
|-------------|---------------------|
| January 1 | <u>1,262,477</u> |
| December 31 | <u>\$ 1,313,382</u> |

(See independent auditor's report.)

Supplementary Information

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual |
|--|--------------------|-----------------|----------------|
| TAXES | | | |
| Property tax | | | |
| Police protection | \$ 4,028,606 | \$ 4,028,606 | \$ 3,944,643 |
| Fire protection | 4,028,606 | 4,028,606 | 3,945,977 |
| FICA | 2,054,350 | 2,054,350 | 2,017,104 |
| IMRF | 958,650 | 958,650 | 941,044 |
| Police pension | 4,472,000 | 4,472,000 | 4,409,024 |
| Fire pension | 4,729,000 | 4,729,000 | 4,674,354 |
| Home rule sales tax | 4,304,600 | 4,304,600 | 4,252,692 |
| Food and beverage tax | 1,325,200 | 1,325,200 | 1,296,063 |
| Motel occupancy tax | 171,400 | 171,400 | 128,970 |
| Electric utility use tax | 1,265,500 | 1,265,500 | 1,110,106 |
| Total taxes | 27,337,912 | 27,337,912 | 26,719,977 |
| LICENSES AND PERMITS | | | |
| Professional and occupational | 229,500 | 229,500 | 223,189 |
| Liquor licenses | 317,800 | 317,800 | 338,209 |
| Rental dwelling licenses | 493,400 | 493,400 | 519,035 |
| Building permits and fees | 850,000 | 850,000 | 1,120,012 |
| Vehicle licenses | 1,200,000 | 1,200,000 | 1,186,813 |
| Other licenses and permits | 252,500 | 252,500 | 222,274 |
| Total licenses and permits | 3,343,200 | 3,343,200 | 3,609,532 |
| INTERGOVERNMENTAL | | | |
| State sales tax | 8,213,700 | 8,213,700 | 8,220,113 |
| State income tax | 6,506,400 | 6,506,400 | 7,297,142 |
| Local use tax | 2,037,700 | 2,037,700 | 2,241,141 |
| Township road and bridge tax | 707,900 | 707,900 | 691,109 |
| Fire protection district reimbursement | 672,780 | 672,780 | 672,784 |
| Police consultant - schools | 827,080 | 827,080 | 826,720 |
| TIF Rebate | - | 713,535 | 713,517 |
| State highway maintenance | 170,500 | 170,500 | 172,528 |
| Personal property replacement tax | 95,000 | 95,000 | 135,865 |
| Grants | 30,000 | 61,780 | 36,977 |
| Other intergovernmental | 199,190 | 278,250 | 282,571 |
| Total intergovernmental | 19,460,250 | 20,284,625 | 21,290,467 |

(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, 2019

| | Original Budget | Final Budget | Actual |
|-----------------------------------|----------------------|----------------------|----------------------|
| CHARGES FOR SERVICES | | | |
| Cable TV franchise fees | \$ 1,154,300 | \$ 1,154,300 | \$ 1,096,368 |
| Plan review fees | 350,000 | 350,000 | 486,376 |
| Inspection fees | 375,000 | 375,000 | 427,188 |
| Special police service | 139,500 | 139,500 | 153,359 |
| Special fire service | 128,100 | 144,468 | 113,328 |
| Ambulance fees | 1,504,000 | 1,504,000 | 1,743,706 |
| Vehicle impound fees | 200,000 | 200,000 | 149,250 |
| Streetfest revenue | 185,000 | 195,350 | 213,344 |
| Rental income | 116,845 | 116,845 | 116,375 |
| Other charges for services | 72,200 | 72,200 | 148,246 |
| Total charges for services | 4,224,945 | 4,251,663 | 4,647,540 |
| FINES AND FORFEITS | | | |
| Circuit court fines | 375,000 | 375,000 | 278,585 |
| Parking fines | 197,300 | 197,300 | 229,729 |
| Compliance fines | 535,200 | 535,200 | 485,217 |
| Red light violation fines | 729,600 | 729,600 | 607,669 |
| Adjudication and other fines | 117,500 | 117,500 | 80,435 |
| Total fines and forfeits | 1,954,600 | 1,954,600 | 1,681,635 |
| INVESTMENT INCOME | 188,195 | 188,195 | 697,884 |
| MISCELLANEOUS | | | |
| Recoveries and refunds | 50,000 | 50,000 | 83,045 |
| Reimbursements | 370,000 | 370,000 | 369,421 |
| Donations | - | 2,000 | 3,500 |
| Other | 10,000 | 10,000 | 852 |
| Total miscellaneous | 430,000 | 432,000 | 456,818 |
| TOTAL REVENUES | \$ 56,939,102 | \$ 57,792,195 | \$ 59,103,853 |

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual |
|-----------------------------------|--------------------|------------------|------------------|
| GENERAL GOVERNMENT | | | |
| Mayor and council | | | |
| Personnel | \$ 228,660 | \$ 228,660 | \$ 230,780 |
| Supplies and services | 43,565 | 36,065 | 31,048 |
| Boards and commissions | | | |
| Supplies and services | 50,200 | 61,208 | 57,001 |
| Village clerk | | | |
| Personnel | 152,055 | 153,210 | 144,680 |
| Supplies and services | 16,450 | 16,450 | 8,385 |
| Village manager | | | |
| Personnel | 713,520 | 742,625 | 728,045 |
| Supplies and services | 330,200 | 340,550 | 355,688 |
| Finance and operations | | | |
| Personnel | 650,290 | 671,010 | 637,335 |
| Supplies and services | 328,770 | 336,270 | 253,777 |
| Legal | | | |
| Personnel | 60,750 | 60,750 | 58,410 |
| Supplies and services | 411,750 | 411,750 | 378,329 |
| Human resources | | | |
| Personnel | 819,720 | 383,985 | 384,923 |
| Supplies and services | 76,695 | 71,695 | 59,463 |
| Planning and zoning | | | |
| Personnel | 426,885 | 430,465 | 457,382 |
| Supplies and services | 20,115 | 18,115 | 12,532 |
| Information technology | | | |
| Personnel | 956,775 | 965,955 | 941,151 |
| Supplies and services | 340,380 | 338,245 | 306,374 |
| Liability insurance | | | |
| Supplies and services | 1,393,700 | 1,393,700 | 1,393,700 |
| Less administrative fees | | | |
| CDBG Fund | (95,299) | (95,299) | (95,299) |
| Waterworks fund | (445,000) | (445,000) | (445,000) |
| Sewerage fund | (445,000) | (445,000) | (445,000) |
| Refuse fund | (145,000) | (145,000) | (145,000) |
| Motor Vehicle Parking System fund | (117,900) | (117,900) | (117,900) |
| Total general government | 5,772,281 | 5,412,509 | 5,190,804 |

(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, 2019

| | Original Budget | Final Budget | Actual |
|----------------------------|----------------------|----------------------|----------------------|
| PUBLIC SAFETY | | | |
| Community services | | | |
| Personnel | \$ 2,220,985 | \$ 2,230,845 | \$ 2,225,835 |
| Supplies and services | 207,915 | 199,772 | 140,830 |
| Police | | | |
| Personnel | 21,726,710 | 22,145,115 | 21,720,741 |
| Supplies and services | 1,478,865 | 1,475,078 | 1,430,459 |
| Fire | | | |
| Personnel | 18,680,675 | 19,359,251 | 19,144,443 |
| Supplies and services | 781,135 | 785,205 | 749,253 |
| Total public safety | 45,096,285 | 46,195,266 | 45,411,561 |
| PUBLIC WORKS | | | |
| Public works | | | |
| Personnel | 4,084,295 | 4,098,270 | 3,998,470 |
| Supplies and services | 2,311,045 | 2,223,420 | 2,213,943 |
| Total public works | 6,395,340 | 6,321,690 | 6,212,413 |
| TOTAL EXPENDITURES | \$ 57,263,906 | \$ 57,929,465 | \$ 56,814,778 |

(See independent auditor's report.)

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, 2019

| | Original Budget | Final Budget | Actual |
|--|--------------------|-----------------|--------------|
| REVENUES | | | |
| Taxes | | | |
| Property tax | \$ 2,514,600 | \$ 2,514,600 | \$ 2,518,366 |
| Intergovernmental | | | |
| Build america bond interest rebate | 346,695 | 346,695 | 350,238 |
| Investment income | 3,000 | 3,000 | 34,317 |
| | <hr/> | <hr/> | <hr/> |
| Total revenues | 2,864,295 | 2,864,295 | 2,902,921 |
| EXPENDITURES | | | |
| Debt service | | | |
| Principal retirement | 1,245,000 | 4,245,000 | 4,245,000 |
| Interest | 1,616,295 | 1,616,295 | 1,616,294 |
| Fiscal charges | 3,000 | 3,000 | 2,450 |
| | <hr/> | <hr/> | <hr/> |
| Total expenditures | 2,864,295 | 5,864,295 | 5,863,744 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <hr/> | <hr/> | <hr/> |
| | - | (3,000,000) | (2,960,823) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | <hr/> | <hr/> | <hr/> |
| | - | 2,856,860 | 2,856,860 |
| Total other financing sources (uses) | <hr/> | <hr/> | <hr/> |
| | - | 2,856,860 | 2,856,860 |
| NET CHANGE IN FUND BALANCE | <hr/> | <hr/> | <hr/> |
| | \$ - | \$ (143,140) | (103,963) |
| FUND BALANCE, JANUARY 1 | | | <hr/> |
| | | | 228,620 |
| FUND BALANCE, DECEMBER 31 | | | <hr/> |
| | | | \$ 124,657 |

(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, 2018

| | Original Budget | Final Budget | Actual |
|---|---------------------|---------------------|----------------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ 11,225,500 | \$ 11,236,500 | \$ 10,902,081 |
| Miscellaneous | 35,000 | 35,000 | 197,794 |
| Total operating revenues | 11,260,500 | 11,271,500 | 11,099,875 |
| OPERATING EXPENSES EXCLUDING DEPRECIATION | | | |
| Costs of sales and services | 6,769,255 | 7,052,140 | 6,549,818 |
| Administrative fees - General Fund | 445,000 | 445,000 | 445,000 |
| Total operating expenses excluding depreciation | 7,214,255 | 7,497,140 | 6,994,818 |
| OPERATING INCOME (LOSS) BEFORE DEPRECIATION | 4,046,245 | 3,774,360 | 4,105,057 |
| DEPRECIATION | - | - | 732,390 |
| OPERATING INCOME | 4,046,245 | 3,774,360 | 3,372,667 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment income | 15,000 | 15,000 | 200,558 |
| Interest and fiscal charges | (185,040) | (185,040) | (99,855) |
| Loss on disposal of capital assets | - | - | (40,430) |
| Income (Expense) from joint venture | - | - | 643,170 |
| Total nonoperating revenues (expenses) | (170,040) | (170,040) | 703,443 |
| NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | 3,876,205 | 3,604,320 | 4,076,110 |
| Contributions | - | - | 704,840 |
| Transfers (out) | (296,000) | (296,000) | (296,000) |
| CHANGE IN NET POSITION | \$ 3,580,205 | \$ 3,308,320 | 4,484,950 |
| NET POSITION, JANUARY 1 | | | 30,585,725 |
| NET POSITION, DECEMBER 31 | | | \$ 35,070,675 |

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING REVENUES - BUDGET AND ACTUAL
WATERWORKS FUND

For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual |
|---------------------------------|----------------------|----------------------|----------------------|
| OPERATING REVENUES | | | |
| Charges for services | | | |
| Water use fees | | | |
| Resident | \$ 8,871,000 | \$ 8,871,000 | \$ 8,355,150 |
| Nonresident | 1,620,000 | 1,631,000 | 1,594,861 |
| Water penalties | | | |
| Resident | 62,500 | 62,500 | 81,289 |
| Nonresident | 10,000 | 10,000 | 8,831 |
| User charge | | | |
| Resident | 550,000 | 550,000 | 558,346 |
| Nonresident | 32,000 | 32,000 | 33,735 |
| System development surcharge | 15,000 | 15,000 | - |
| Water extension fee | 20,000 | 20,000 | 186,894 |
| Water connection fees | 10,000 | 10,000 | 192 |
| Water meter sales | 15,000 | 15,000 | 64,170 |
| Water turn-on/service fees | 20,000 | 20,000 | 18,613 |
| Total charges for services | 11,225,500 | 11,236,500 | 10,902,081 |
| Miscellaneous - reimbursements | 35,000 | 35,000 | 197,794 |
| TOTAL OPERATING REVENUES | \$ 11,260,500 | \$ 11,271,500 | \$ 11,099,875 |

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
WATERWORKS FUND

For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual |
|------------------------------------|---------------------|---------------------|---------------------|
| OPERATING EXPENSES | | | |
| Costs of sales and services | | | |
| Finance and operations | | | |
| Personnel | \$ 528,045 | \$ 524,625 | \$ 455,429 |
| Supplies and services | 250,020 | 250,020 | 248,139 |
| Liability insurance | | | |
| Supplies and services | 56,000 | 56,000 | 56,000 |
| Public works | | | |
| Personnel | 1,245,250 | 1,229,220 | 1,085,283 |
| Supplies and services | 902,040 | 935,225 | 786,222 |
| Water purchase | | | |
| Northwest Water Commission | 3,017,460 | 3,017,460 | 2,937,410 |
| Capital projects | | | |
| Technology | 25,000 | 6,540 | 6,540 |
| Buildings and facilities | 25,000 | - | - |
| Water system | 3,077,335 | 3,389,945 | 3,331,690 |
| Less: Nonoperating | | | |
| Capital assets capitalized | (2,356,895) | (2,356,895) | (2,356,895) |
| Total costs of sales and services | 6,769,255 | 7,052,140 | 6,549,818 |
| Administrative fees - General Fund | 445,000 | 445,000 | 445,000 |
| TOTAL OPERATING EXPENSES | \$ 7,214,255 | \$ 7,497,140 | \$ 6,994,818 |

(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, 2019

| | Original Budget | Final Budget | Actual |
|--|---------------------|---------------------|----------------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ 4,321,500 | \$ 4,321,500 | \$ 4,363,320 |
| Miscellaneous | 250 | 250 | - |
| Total operating revenues | 4,321,750 | 4,321,750 | 4,363,320 |
| OPERATING EXPENSES EXCLUDING DEPRECIATION | | | |
| Costs of sales and services | 2,040,400 | 1,646,984 | 1,577,392 |
| Administrative fees - General Fund | 445,000 | 445,000 | 445,000 |
| Total operating expenses excluding depreciation | 2,485,400 | 2,091,984 | 2,022,392 |
| OPERATING INCOME BEFORE DEPRECIATION | 1,836,350 | 2,229,766 | 2,340,928 |
| DEPRECIATION | - | - | 1,184,130 |
| OPERATING INCOME | 1,836,350 | 2,229,766 | 1,156,798 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment income | 5,000 | 5,000 | 92,811 |
| Grants | - | - | - |
| Interest and fiscal charges | (222,925) | (222,925) | (199,933) |
| Total nonoperating revenues (expenses) | (217,925) | (217,925) | (107,122) |
| NET INCOME BEFORE TRANSFERS | 1,618,425 | 2,011,841 | 1,049,676 |
| Transfers (out) | (296,000) | (296,000) | (296,000) |
| CHANGE IN NET POSITION | \$ 1,322,425 | \$ 1,715,841 | 753,676 |
| NET POSITION, JANUARY 1 | | | 19,344,352 |
| NET POSITION, DECEMBER 31 | | | \$ 20,098,028 |

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING REVENUES - BUDGET AND ACTUAL
SEWERAGE FUND

For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual |
|---------------------------------|---------------------|---------------------|---------------------|
| OPERATING REVENUES | | | |
| Charges for services | | | |
| Sewer use fees | | | |
| Resident | \$ 2,626,000 | \$ 2,626,000 | \$ 2,672,268 |
| Nonresident | 514,700 | 514,700 | 491,209 |
| Sewer penalties | | | |
| Resident | 25,000 | 25,000 | 34,122 |
| Nonresident | 2,000 | 2,000 | 2,710 |
| Sewer connection fees | 6,000 | 6,000 | 6,484 |
| Surcharges | | | |
| Fair Meadows | 1,800 | 1,800 | 2,141 |
| Flood control | 1,146,000 | 1,146,000 | 1,139,342 |
| 50/50 sewer extension | - | - | 4,800 |
| Detention Fees | - | - | 10,244 |
| | | | |
| Total charges for services | 4,321,500 | 4,321,500 | 4,363,320 |
| | | | |
| Miscellaneous - reimbursements | 250 | 250 | - |
| | | | |
| TOTAL OPERATING REVENUES | \$ 4,321,750 | \$ 4,321,750 | \$ 4,363,320 |

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
SEWERAGE FUND

For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual |
|------------------------------------|---------------------|---------------------|---------------------|
| OPERATING EXPENSES | | | |
| Costs of sales and services | | | |
| Liability insurance | | | |
| Supplies and services | \$ 56,000 | \$ 56,000 | \$ 56,000 |
| Public works | | | |
| Personnel | 783,640 | 783,640 | 727,534 |
| Supplies and services | 210,760 | 197,108 | 189,977 |
| Capital projects | | | |
| Flood control | 415,000 | 395,405 | 389,050 |
| Buildings and facilities | 25,000 | - | - |
| Sanitary sewer | 550,000 | 214,831 | 214,831 |
| Total costs of sales and services | 2,040,400 | 1,646,984 | 1,577,392 |
| Administrative fees - General Fund | 445,000 | 445,000 | 445,000 |
| TOTAL OPERATING EXPENSES | \$ 2,485,400 | \$ 2,091,984 | \$ 2,022,392 |

(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, 2019

| | Original Budget | Final Budget | Actual |
|--|--------------------|---------------------|---------------------|
| OPERATING REVENUES | | | |
| Charges for services | | | |
| Parking fees | \$ 698,000 | \$ 698,000 | \$ 711,700 |
| Total operating revenues | 698,000 | 698,000 | 711,700 |
| OPERATING EXPENSES EXCLUDING DEPRECIATION | | | |
| Costs of sales and services | 442,515 | 694,294 | 647,181 |
| Administrative fees - General Fund | 117,900 | 117,900 | 117,900 |
| Total operating expenses excluding depreciation | 560,415 | 812,194 | 765,081 |
| OPERATING INCOME (LOSS) BEFORE DEPRECIATION | 137,585 | (114,194) | (53,381) |
| DEPRECIATION | - | - | 784,080 |
| OPERATING INCOME (LOSS) | 137,585 | (114,194) | (837,461) |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment income | 1,000 | 1,000 | 42,949 |
| Insurance recovery | - | - | 18,566 |
| Total nonoperating revenues (expenses) | 1,000 | 1,000 | 61,515 |
| CHANGE IN NET POSITION | \$ 138,585 | \$ (113,194) | (775,946) |
| NET POSITION, JANUARY 1 | | | 9,426,663 |
| NET POSITION, DECEMBER 31 | | | \$ 8,650,717 |

(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, 2019

| | Original Budget | Final Budget | Actual |
|------------------------------------|--------------------|-------------------|-------------------|
| OPERATING EXPENSES | | | |
| Costs of sales and services | | | |
| Finance and operations | | | |
| Supplies and services | \$ 80,700 | \$ 80,700 | \$ 76,334 |
| Public works | | | |
| Personnel | 5,290 | 5,290 | 5,419 |
| Supplies and services | 336,525 | 336,525 | 293,650 |
| Capital projects | | | |
| Buildings and facilities | 20,000 | 271,779 | 271,778 |
| Total costs of sales and services | 442,515 | 694,294 | 647,181 |
| Administrative fees - General Fund | 117,900 | 117,900 | 117,900 |
| TOTAL OPERATING EXPENSES | \$ 560,415 | \$ 812,194 | \$ 765,081 |

(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, 2019

| | Original Budget | Final Budget | Actual |
|---|--------------------|------------------|------------------|
| OPERATING REVENUES | | | |
| Charges for services | | | |
| Refuse billing | \$ 4,618,855 | \$ 4,618,855 | \$ 4,574,031 |
| Total operating revenues | 4,618,855 | 4,618,855 | 4,574,031 |
| OPERATING EXPENSES | | | |
| Refuse collection | 4,540,060 | 4,540,060 | 4,496,663 |
| Administrative fees - General Fund | 145,000 | 145,000 | 145,000 |
| Total operating expenses | 4,685,060 | 4,685,060 | 4,641,663 |
| OPERATING INCOME (LOSS) | (66,205) | (66,205) | (67,632) |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment income | 1,500 | 1,500 | 40,216 |
| NET INCOME (LOSS) BEFORE TRANSFERS | (64,705) | (64,705) | (27,416) |
| Transfers (out) | (107,500) | (107,500) | (107,500) |
| CHANGE IN NET POSITION | \$ (172,205) | \$ (172,205) | \$ (134,916) |
| NET POSITION, JANUARY 1 | | | 913,336 |
| NET POSITION, DECEMBER 31 | | | \$ 778,420 |

(See independent auditor's report.)

STATISTICAL SECTION

Statistical Section

This part of the Village's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information 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. | 142 - 151 |
| Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax. | 152 - 156 |
| 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. | 157 - 160 |
| 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. | 161 - 162 |
| 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. | 163 - 164 |

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

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VILLAGE OF PALATINE, ILLINOIS

NET POSITION BY COMPONENT

Last Ten Fiscal Years

| Fiscal Year | 2010 | 2011 | 2012 | 2013 |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Net investment in capital assets | \$ 133,599,587 | \$ 129,862,356 | \$ 134,215,974 | \$ 140,609,666 |
| Restricted | 40,641,243 | 10,854,118 | 3,233,577 | 3,600,787 |
| Unrestricted | (10,074,468) | 26,919,088 | 34,104,500 | 30,819,755 |
| TOTAL GOVERNMENTAL ACTIVITIES | \$ 164,166,362 | \$ 167,635,562 | \$ 171,554,051 | \$ 175,030,208 |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Net investment in capital assets | \$ 35,931,798 | \$ 35,235,617 | \$ 43,155,964 | \$ 38,430,520 |
| Unrestricted | 15,456,420 | 17,683,868 | 12,113,363 | 20,628,900 |
| TOTAL BUSINESS-TYPE ACTIVITIES | \$ 51,388,218 | \$ 52,919,485 | \$ 55,269,327 | \$ 59,059,420 |
| PRIMARY GOVERNMENT | | | | |
| Net investment in capital assets | \$ 165,097,973 | \$ 177,371,938 | \$ 179,040,186 | \$ 183,245,380 |
| Restricted | 10,854,118 | 3,233,577 | 3,600,787 | 2,236,148 |
| Unrestricted | 44,602,956 | 46,217,863 | 51,448,655 | 56,421,895 |
| TOTAL PRIMARY GOVERNMENT | \$ 220,555,047 | \$ 226,823,378 | \$ 234,089,628 | \$ 241,903,423 |

* Implementation of GASB Statement 68

** Implementation of GASB Statement 75

Data Source

Audited Financial Statements

| 2014 | 2015* | 2016 | 2017 | 2018** | 2019 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 144,374,387 | \$ 157,741,380 | \$ 164,820,305 | \$ 166,189,158 | \$ 168,673,918 | \$ 173,519,488 |
| 2,236,148 | 1,838,578 | 1,750,986 | 1,748,002 | 3,925,818 | 6,659,575 |
| 35,764,493 | (51,107,972) | (61,926,571) | (66,937,376) | (80,303,379) | (86,814,683) |
| <u>\$ 182,375,028</u> | <u>\$ 108,471,986</u> | <u>\$ 104,644,720</u> | <u>\$ 100,999,784</u> | <u>\$ 92,296,357</u> | <u>\$ 93,364,380</u> |
| \$ 38,870,993 | \$ 32,408,120 | \$ 32,913,880 | \$ 32,491,180 | \$ 32,259,964 | \$ 34,213,539 |
| 20,657,402 | 24,957,201 | 22,065,439 | 25,552,745 | 28,010,112 | 30,384,301 |
| <u>\$ 59,528,395</u> | <u>\$ 57,365,321</u> | <u>\$ 54,979,319</u> | <u>\$ 58,043,925</u> | <u>\$ 60,270,076</u> | <u>\$ 64,597,840</u> |
| \$ 183,245,380 | \$ 190,149,500 | \$ 197,734,185 | \$ 198,680,338 | \$ 200,933,882 | \$ 207,733,027 |
| 2,236,148 | 1,838,578 | 1,750,986 | 1,748,002 | 3,925,818 | 6,659,575 |
| 56,421,895 | (26,150,771) | (39,861,132) | (41,384,631) | (52,293,267) | (56,430,382) |
| <u>\$ 241,903,423</u> | <u>\$ 165,837,307</u> | <u>\$ 159,624,039</u> | <u>\$ 159,043,709</u> | <u>\$ 152,566,433</u> | <u>\$ 157,962,220</u> |

VILLAGE OF PALATINE, ILLINOIS

CHANGES IN NET POSITION

Last Ten Fiscal Years

| Fiscal Year | 2010 | 2011 | 2012 |
|---|-------------------------------|-------------------------------|-------------------------------|
| EXPENSES | | | |
| Governmental activities | | | |
| General government | \$ 7,911,734 | \$ 8,092,022 | \$ 5,687,081 |
| Public safety | 35,204,860 | 37,174,518 | 39,154,692 |
| Public works | 10,000,129 | 11,346,788 | 10,978,933 |
| Economic development | 6,828,477 | 7,618,221 | 7,785,928 |
| Interest and fiscal charges | 4,190,376 | 4,965,687 | 4,782,927 |
| Total governmental activities expenses | <u>64,135,576</u> | <u>69,197,236</u> | <u>68,389,561</u> |
| Business-type activities | | | |
| Waterworks | 6,121,039 | 7,199,466 | 6,851,401 |
| Sewerage | 3,103,688 | 3,063,914 | 3,688,412 |
| Parking system | 1,405,859 | 1,344,734 | 1,355,716 |
| Refuse collection | 4,218,165 | 4,388,685 | 4,430,979 |
| Total business-type activities expenses | <u>14,848,751</u> | <u>15,996,799</u> | <u>16,326,508</u> |
| TOTAL PRIMARY GOVERNMENT EXPENSES | <u>\$ 78,984,327</u> | <u>\$ 85,194,035</u> | <u>\$ 84,716,069</u> |
| PROGRAM REVENUES | | | |
| Governmental activities | | | |
| Charges for services | | | |
| General government | \$ 4,129,923 | \$ 3,988,510 | \$ 3,178,125 |
| Public safety | 3,345,737 | 4,167,979 | 4,107,608 |
| Other activities | 242,032 | 1,001,900 | 2,150,261 |
| Operating grants | 3,564,551 | 3,166,903 | 3,133,237 |
| Capital grants and contributions | 3,465,779 | 1,726,883 | 605,818 |
| Total governmental activities program revenues | <u>14,748,022</u> | <u>14,052,175</u> | <u>13,175,049</u> |
| Business-type activities | | | |
| Charges for services | | | |
| Waterworks | 7,208,992 | 9,084,694 | 9,818,910 |
| Sewerage | 3,189,687 | 3,250,125 | 3,411,343 |
| Parking system | 654,485 | 679,455 | 678,488 |
| Refuse collection | 4,426,123 | 4,649,761 | 4,518,425 |
| Operating grants | - | 12,320 | - |
| Capital grants and contributions | 208,347 | 90,997 | 448,825 |
| Total business-type activities program revenues | <u>15,687,634</u> | <u>17,767,352</u> | <u>18,875,991</u> |
| TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES | <u>\$ 30,435,656</u> | <u>\$ 31,819,527</u> | <u>\$ 32,051,040</u> |
| NET REVENUE (EXPENSE) | | | |
| Governmental activities | \$ (55,145,061) | \$ (55,214,512) | \$ (54,393,821) |
| Business-type activities | 1,770,553 | 2,549,483 | 4,020,029 |
| TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE) | <u>\$ (53,374,508)</u> | <u>\$ (52,665,029)</u> | <u>\$ (50,373,792)</u> |

* Implementation of GASB Statement 68

** Implementation of GASB Statement 75

Data Source

Audited Financial Statements

| | 2013 | 2014* | 2015 | 2016 | 2017 | 2018** | 2019 |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------|
| \$ 3,618,746 | \$ 6,085,713 | \$ 5,181,480 | \$ 7,411,863 | \$ 4,992,470 | \$ 4,792,852 | \$ 4,927,957 | |
| 39,226,832 | 40,893,455 | 39,766,935 | 53,993,443 | 58,319,928 | 53,387,729 | 53,810,869 | |
| 14,290,195 | 12,001,792 | 10,574,340 | 11,764,624 | 10,938,679 | 10,658,853 | 12,901,798 | |
| 5,914,067 | 3,400,486 | 5,187,476 | 4,080,021 | 1,464,895 | 6,692,302 | 8,404,890 | |
| 4,334,822 | 4,214,079 | 3,685,197 | 3,466,073 | 3,490,399 | 2,800,515 | 2,139,900 | |
| 67,384,662 | 66,595,525 | 64,395,428 | 80,716,024 | 79,206,371 | 78,332,251 | 82,185,414 | |
| 7,511,430 | 8,235,391 | 10,988,330 | 12,485,417 | 9,115,608 | 9,071,013 | 7,867,493 | |
| 3,335,908 | 3,041,236 | 3,641,693 | 4,580,455 | 3,373,247 | 3,815,318 | 3,406,455 | |
| 1,269,605 | 1,323,599 | 1,226,379 | 1,526,641 | 1,256,792 | 1,277,515 | 1,549,161 | |
| 4,426,461 | 4,553,742 | 4,553,546 | 4,394,918 | 4,408,987 | 4,524,457 | 4,641,663 | |
| 16,543,404 | 17,153,968 | 20,409,948 | 22,987,431 | 18,154,634 | 18,688,303 | 17,464,772 | |
| \$ 83,928,066 | \$ 83,749,493 | \$ 84,805,376 | \$ 103,703,455 | \$ 97,361,005 | \$ 97,020,554 | \$ 99,650,186 | |
| \$ 2,792,931 | \$ 4,002,813 | \$ 4,338,815 | \$ 4,443,342 | \$ 4,348,698 | \$ 4,333,166 | \$ 3,176,329 | |
| 4,128,702 | 4,183,645 | 4,290,067 | 4,608,293 | 4,954,398 | 5,586,131 | 7,187,378 | |
| 2,107,948 | 2,099,120 | 2,079,704 | 2,273,555 | 2,454,501 | 2,408,431 | 2,484,425 | |
| 3,645,430 | 3,555,697 | 2,766,089 | 3,277,846 | 2,795,038 | 2,870,901 | 3,113,193 | |
| 315,830 | 31,077 | - | 1,200,000 | - | - | 1,033,112 | |
| 12,990,841 | 13,872,352 | 13,474,675 | 15,803,036 | 14,552,635 | 15,198,629 | 16,994,437 | |
| 9,767,730 | 10,277,604 | 10,572,378 | 11,504,526 | 11,756,016 | 11,134,742 | 11,743,045 | |
| 3,422,980 | 3,718,386 | 3,539,701 | 3,821,872 | 3,987,480 | 4,348,556 | 4,363,320 | |
| 683,780 | 711,723 | 701,265 | 631,587 | 709,390 | 729,953 | 711,700 | |
| 4,511,043 | 4,530,632 | 4,537,427 | 4,518,775 | 4,537,890 | 4,515,375 | 4,574,031 | |
| - | - | - | - | 791,930 | 525,390 | - | |
| 2,177,900 | - | - | - | - | - | 704,840 | |
| 20,563,433 | 19,238,345 | 19,350,771 | 20,476,760 | 21,782,706 | 21,254,016 | 22,096,936 | |
| \$ 33,554,274 | \$ 33,110,697 | \$ 32,825,446 | \$ 36,279,796 | \$ 36,335,341 | \$ 36,452,645 | \$ 39,091,373 | |
| \$ (52,723,173) | \$ (52,723,173) | \$ (50,920,753) | \$ (64,912,988) | \$ (64,653,736) | \$ (63,133,622) | \$ (65,190,977) | |
| 2,084,377 | 2,084,377 | (1,059,177) | (2,510,671) | 2,836,142 | 2,040,323 | 4,632,164 | |
| \$ (50,638,796) | \$ (50,638,796) | \$ (51,979,930) | \$ (67,423,659) | \$ (61,817,594) | \$ (61,093,299) | \$ (60,558,813) | |

VILLAGE OF PALATINE, ILLINOIS

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years

| Fiscal Year | 2010 | 2011 | 2012 |
|---|-----------------------------|-----------------------------|-----------------------------|
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION | | | |
| Governmental activities | | | |
| Taxes | | | |
| Property | \$ 32,191,912 | \$ 33,563,321 | \$ 32,904,361 |
| Home rule sales tax | 4,100,988 | 4,232,849 | 4,199,803 |
| Telecommunications | 2,796,032 | 2,462,499 | 2,550,703 |
| Electric utility use | - | 1,428,854 | 1,751,844 |
| Other | 1,280,923 | 1,248,610 | 1,267,148 |
| State shared sales taxes | 8,472,661 | 8,628,389 | 8,931,459 |
| State shared income tax | 5,307,674 | 5,341,577 | 6,023,925 |
| Other intergovernmental revenues | 543,868 | 884,021 | 679,004 |
| Investment income | 305,545 | 285,881 | 321,140 |
| Miscellaneous | 333,398 | 285,260 | 164,057 |
| Transfers | - | 253,000 | 339,557 |
| Total governmental activities | <u>55,333,001</u> | <u>58,614,261</u> | <u>59,133,001</u> |
| Business-type activities | | | |
| Investment income | 9,563 | 13,714 | 25,416 |
| Change in equity interest in joint venture | - | - | - |
| Miscellaneous | - | - | - |
| Transfers | - | (253,000) | (339,557) |
| Total business-type activities | <u>9,563</u> | <u>(239,286)</u> | <u>(314,141)</u> |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 55,342,564</u> | <u>\$ 58,374,975</u> | <u>\$ 58,818,860</u> |
| CHANGE IN NET POSITION | | | |
| Governmental activities | \$ 9,226,707 | \$ 3,987,940 | \$ 2,655,466 |
| Business-type activities | 599,597 | 1,456,412 | 2,319,547 |
| TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE) | <u>\$ 9,826,304</u> | <u>\$ 5,444,352</u> | <u>\$ 4,975,013</u> |

* Implementation of GASB Statement 68

** Implementation of GASB Statement 75

Data Source

Audited Financial Statements

| | 2013 | 2014 | 2015* | 2016 | 2017 | 2018** | 2019 |
|---------------|---------------|---------------|----------------|----------------|---------------|---------------|------|
| \$ 31,515,066 | \$ 31,303,000 | \$ 31,387,642 | \$ 31,113,482 | \$ 32,991,371 | \$ 34,799,347 | \$ 35,631,269 | |
| 4,305,118 | 4,471,298 | 4,360,722 | 4,217,287 | 4,111,583 | 4,446,002 | 4,252,692 | |
| 2,239,240 | 1,906,545 | 1,891,654 | 1,869,966 | 1,490,678 | 1,348,572 | 1,214,776 | |
| 1,722,005 | 1,690,985 | 1,641,246 | 2,054,689 | 2,263,482 | 2,360,118 | 2,225,106 | |
| 1,242,698 | 1,309,644 | 1,400,596 | 1,407,848 | 1,456,653 | 1,461,691 | 1,518,712 | |
| 9,343,337 | 10,061,160 | 9,892,846 | 9,558,566 | 9,634,893 | 10,163,314 | 10,461,255 | |
| 6,532,135 | 6,563,909 | 7,294,684 | 6,673,615 | 6,296,903 | 6,565,435 | 7,297,142 | |
| 226,477 | 515,114 | 293,748 | 244,029 | 251,911 | 406,251 | 889,609 | |
| 300,305 | 309,200 | 305,362 | 391,626 | 698,159 | 1,129,713 | 1,500,877 | |
| 193,597 | 297,638 | 156,573 | 458,387 | 1,134,667 | 526,783 | 568,062 | |
| 250,000 | 1,639,500 | 360,000 | 368,000 | 678,500 | 689,000 | 699,500 | |
| 57,869,978 | 60,067,993 | 58,985,073 | 58,357,495 | 61,008,800 | 63,896,226 | 66,259,000 | |
| 20,064 | 24,098 | 16,402 | 41,124 | 115,034 | 256,541 | 376,534 | |
| - | - | - | - | - | - | - | |
| - | - | - | - | - | 309,188 | 18,566 | |
| (250,000) | (1,639,500) | (360,000) | (368,000) | (678,500) | (689,000) | (699,500) | |
| (229,936) | (1,615,402) | (343,598) | (326,876) | (563,466) | (123,271) | (304,400) | |
| \$ 57,640,042 | \$ 58,452,591 | \$ 58,641,475 | \$ 58,030,619 | \$ 60,445,334 | \$ 63,772,955 | \$ 65,954,600 | |
| \$ 5,674,172 | \$ 7,344,820 | \$ 8,064,320 | \$ (6,555,493) | \$ (3,644,936) | \$ 762,604 | \$ 1,068,023 | |
| 2,404,627 | 468,975 | (1,402,775) | (2,837,547) | 3,064,606 | 2,442,442 | 4,327,764 | |
| \$ 8,078,799 | \$ 7,813,795 | \$ 6,661,545 | \$ (9,393,040) | \$ (580,330) | \$ 3,205,046 | \$ 5,395,787 | |

VILLAGE OF PALATINE, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

| Fiscal Year | 2010 | 2011* | 2012 | 2013 |
|---|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND | | | | |
| Reserved | \$ 6,025,530 | \$ - | \$ - | \$ - |
| Unreserved | 9,745,168 | - | - | - |
| Nonspendable | - | 6,267,920 | 5,772,920 | 5,277,920 |
| Unassigned | - | 12,657,972 | 15,064,951 | 16,880,750 |
| TOTAL GENERAL FUND | \$ 15,770,698 | \$ 18,925,892 | \$ 20,837,871 | \$ 22,158,670 |
| ALL OTHER GOVERNMENTAL FUNDS | | | | |
| Reserved | \$ 57,463,551 | \$ - | \$ - | \$ - |
| Restricted | - | 36,631,487 | 32,349,656 | 23,876,160 |
| Assigned | - | 10,844,611 | 11,900,695 | 16,305,655 |
| Unassigned | - | - | (871,431) | (2,484,768) |
| TOTAL ALL OTHER GOVERNMENTAL FUNDS | \$ 57,463,551 | \$ 47,476,098 | \$ 43,378,920 | \$ 37,697,047 |

* GASB Statement 54 was implemented.

Data Source

Audited Financial Statements

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 4,782,920 | 5,022,070 | 5,261,220 | 4,470,370 | 3,738,890 | 2,889,849 |
| 18,124,529 | 17,012,432 | 18,224,006 | 18,909,919 | 21,145,386 | 21,426,642 |
| \$ 22,907,449 | \$ 22,034,502 | \$ 23,485,226 | \$ 23,380,289 | \$ 24,884,276 | \$ 24,316,491 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 17,945,345 | 14,882,305 | 14,057,043 | 19,059,512 | 19,554,231 | 19,728,606 |
| 21,284,780 | 13,536,719 | 7,451,239 | 9,116,907 | 10,817,419 | 11,354,671 |
| (43,615) | (43,615) | (35,515) | - | - | - |
| \$ 39,186,510 | \$ 28,375,409 | \$ 21,472,767 | \$ 28,176,419 | \$ 30,371,650 | \$ 31,083,277 |

VILLAGE OF PALATINE, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

| Fiscal Year | 2010 | 2011 | 2012 | 2013 |
|--|----------------------|-----------------------|-----------------------|-----------------------|
| REVENUES | | | | |
| Taxes | \$ 50,087,153 | \$ 42,936,134 | \$ 42,673,859 | \$ 41,024,128 |
| Licenses and permits | 3,112,015 | 2,695,124 | 2,612,185 | 2,822,149 |
| Intergovernmental | 12,810,025 | 21,894,742 | 21,449,463 | 22,102,467 |
| Charges for services | 1,839,736 | 3,364,812 | 3,351,983 | 3,683,470 |
| Fines and forfeitures | 1,256,149 | 944,747 | 1,395,806 | 1,376,629 |
| Investment income | 305,545 | 285,881 | 321,140 | 300,305 |
| Contributions | - | - | - | - |
| Miscellaneous | 670,400 | 291,996 | 164,057 | 193,596 |
| Total revenues | 70,081,023 | 72,413,436 | 71,968,493 | 71,502,744 |
| EXPENDITURES | | | | |
| General government | 7,713,816 | 6,296,980 | 5,448,017 | 5,532,910 |
| Public safety | 33,638,662 | 36,499,775 | 36,627,642 | 37,149,960 |
| Public works | 8,250,868 | 5,870,884 | 5,857,645 | 6,228,622 |
| Economic development | 6,828,477 | 5,776,274 | 7,999,863 | 5,914,067 |
| Capital outlay | 9,139,690 | 24,177,056 | 7,816,121 | 10,091,641 |
| Debt service | | | | |
| Principal retirement | 5,493,745 | 5,708,490 | 6,403,904 | 6,346,812 |
| Interest | 4,341,907 | 5,082,194 | 4,768,086 | 4,385,759 |
| Fiscal charges | - | 160,195 | 91,906 | 8,303 |
| Total expenditures | 75,407,165 | 89,571,848 | 75,013,184 | 75,658,074 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | |
| | (5,326,142) | (17,158,412) | (3,044,691) | (4,155,330) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bonds issued, at par | 32,158,385 | 7,000,000 | - | - |
| Refunding bonds issued, at par | - | 850,000 | 5,025,000 | - |
| Bond premium | 879,220 | 216,155 | - | - |
| Payment to refunded bond escrow agent | (13,950,839) | (865,438) | (4,939,073) | - |
| Proceeds from sale of capital assets | 61,483 | 3,172,436 | 325,429 | 115,692 |
| Proceeds from sale of land held for resale | - | - | - | - |
| Transfers in | 65,000 | 253,000 | 3,609,447 | 5,249,753 |
| Transfers (out) | (65,000) | - | (3,269,890) | (4,999,753) |
| Total other financing sources (uses) | 19,148,249 | 10,626,153 | 750,913 | 365,692 |
| NET CHANGE IN FUND BALANCES | | | | |
| | \$ 13,822,107 | \$ (6,532,259) | \$ (2,293,778) | \$ (3,789,638) |

Debt service as a percentage of noncapital expenditures 15.66% 13.11% 19.29% 14.82%

* The Village refunded outstanding debt under the crossover method, which increased debt service expenditures.

**** The Village refunded outstanding debt under the crossover method, which increased debt service expenditures.**

Data Source

Audited Financial Statements

| 2014 | 2015 | 2016 | 2017* | 2018** | 2019 |
|-------------------|---------------------|--------------------|-------------------|-------------------|-------------------|
| \$ 40,681,472 | \$ 40,681,860 | \$ 40,663,272 | \$ 42,313,767 | \$ 44,415,730 | \$ 44,748,875 |
| 3,081,336 | 3,153,792 | 3,284,115 | 3,272,240 | 3,226,870 | 3,609,532 |
| 22,735,622 | 22,291,479 | 21,845,363 | 21,401,178 | 22,394,130 | 25,493,475 |
| 3,801,523 | 4,116,301 | 4,367,516 | 4,419,448 | 4,871,126 | 5,053,079 |
| 1,394,054 | 1,394,381 | 1,582,252 | 1,753,256 | 1,953,421 | 1,694,156 |
| 309,200 | 305,362 | 391,626 | 698,159 | 1,129,713 | 1,500,877 |
| - | - | - | - | - | - |
| 297,638 | 156,573 | 458,387 | 1,134,667 | 526,783 | 568,062 |
| 72,300,845 | 72,099,748 | 72,592,531 | 74,992,715 | 78,517,773 | 82,668,056 |
| 5,690,050 | 5,853,988 | 6,064,441 | 5,359,971 | 5,129,280 | 5,190,804 |
| 38,212,533 | 40,197,022 | 40,907,770 | 42,657,188 | 43,654,462 | 45,586,440 |
| 6,769,212 | 6,419,162 | 6,227,585 | 5,982,359 | 6,065,407 | 6,212,413 |
| 3,400,486 | 5,187,476 | 4,080,021 | 1,464,895 | 6,692,302 | 8,404,890 |
| 8,176,672 | 15,883,621 | 11,571,849 | 5,010,113 | 4,954,603 | 7,004,730 |
| 6,089,339 | 6,988,013 | 6,138,391 | 14,589,233 | 13,715,000 | 8,575,419 |
| 4,172,391 | 3,729,681 | 3,498,783 | 3,381,270 | 2,677,751 | 2,348,070 |
| 122,338 | 11,611 | 6,900 | 219,828 | 139,164 | 5,925 |
| 72,633,021 | 84,270,574 | 78,495,740 | 78,664,857 | 83,027,969 | 83,328,691 |
| (332,176) | (12,170,826) | (5,903,209) | (3,672,142) | (4,510,196) | (660,635) |
| - | - | - | - | - | - |
| 10,985,000 | - | - | 18,355,000 | 6,235,000 | - |
| 212,225 | - | - | 265,712 | 903,240 | - |
| (11,076,385) | - | - | (9,086,571) | - | - |
| 211,418 | 51,778 | 83,291 | 58,216 | 87,712 | 104,977 |
| - | - | - | - | - | - |
| 12,364,540 | 3,451,125 | 466,031 | 716,596 | 9,219,552 | 3,556,360 |
| (10,736,130) | (3,016,125) | (98,031) | (38,096) | (8,471,784) | (2,856,860) |
| 1,960,668 | 486,778 | 451,291 | 10,270,857 | 7,973,720 | 804,477 |
| \$ 1,628,492 | \$ (11,684,048) | \$ (5,451,918) | \$ 6,598,715 | \$ 3,463,524 | \$ 143,842 |
| 15.04% | 13.20% | 14.55% | 24.89% | 20.07% | 13.41% |

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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 |
|-----------|----------------------|---------------------|--|---------------------------|------------------------------|-----------------------|--------------------------------|
| 2009 | \$ 1,900,562,138 | \$ 367,743,939 | \$ 163,729,362 | NA | \$ 2,432,035,439 | \$ 0.882 | \$ 7,296,106,317 |
| 2010 | 1,696,347,388 | 324,004,088 | 161,853,695 | NA | \$ 2,182,205,171 | 1.022 | \$ 6,546,615,513 |
| 2011 | 1,563,334,770 | 278,224,339 | 145,507,673 | NA | 1,987,066,782 | 1.121 | 5,961,200,346 |
| 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 |

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

VILLAGE OF PALATINE, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

| Tax Levy Year | 2009 | 2010 | 2011 | 2012 |
|---|-----------------|-----------------|-----------------|-----------------|
| TAX RATES | | | | |
| Village of Palatine | | | | |
| Social Security | \$ 0.087 | \$ 0.097 | \$ 0.109 | \$ 0.122 |
| IMRF | 0.054 | 0.060 | 0.060 | 0.065 |
| Police Protection | 0.216 | 0.241 | 0.233 | 0.267 |
| Fire Protection | 0.215 | 0.239 | 0.233 | 0.267 |
| Fire Pension | 0.085 | 0.110 | 0.148 | 0.163 |
| Police Pension | 0.112 | 0.149 | 0.154 | 0.163 |
| Debt Service | 0.113 | 0.126 | 0.184 | 0.153 |
| Total Village of Palatine | 0.882 | 1.022 | 1.121 | 1.200 |
| School Districts | | | | |
| Palatine CCSD No. 15 | 2.307 | 2.603 | 2.943 | 3.269 |
| Junior College No. 512 | 0.258 | 0.295 | 0.334 | 0.373 |
| Township HSD No. 211 | 1.916 | 2.204 | 2.482 | 2.772 |
| Park District | 0.408 | 0.468 | 0.517 | 0.574 |
| Library District | 0.229 | 0.198 | 0.222 | 0.248 |
| County | | | | |
| County of Cook | 0.394 | 0.423 | 0.462 | 0.594 |
| Forest Preserve | 0.049 | 0.051 | 0.058 | 0.062 |
| Township | | | | |
| Palatine Township | 0.034 | 0.039 | 0.044 | 0.049 |
| General Assistance | 0.008 | 0.010 | 0.012 | 0.014 |
| Road and Bridge | 0.061 | 0.070 | 0.079 | 0.082 |
| Other Districts | | | | |
| Northwest Mosquito | 0.008 | 0.009 | 0.010 | 0.011 |
| Sanitary District | 0.261 | 0.274 | 0.320 | 0.370 |
| Elections (ELCO) | 0.021 | - | 0.025 | - |
| TOTAL TAX RATES | \$ 6.836 | \$ 7.666 | \$ 8.629 | \$ 9.618 |
| SHARE OF TOTAL TAX LEVIED BY THE VILLAGE | | | | |
| | 12.90% | 13.33% | 12.99% | 12.48% |

Data Source

Office of the County Clerk

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------|--------|-----------|-----------|-----------|-----------|-----------|
| \$ | 0.148 | \$ 0.119 | \$ 0.125 | \$ 0.111 | \$ 0.136 | \$ 0.117 |
| 0.081 | 0.080 | 0.085 | 0.075 | 0.060 | 0.054 | |
| 0.305 | 0.306 | 0.295 | 0.215 | 0.206 | 0.228 | |
| 0.305 | 0.306 | 0.295 | 0.215 | 0.206 | 0.228 | |
| 0.196 | 0.204 | 0.210 | 0.218 | 0.254 | 0.269 | |
| 0.187 | 0.191 | 0.222 | 0.227 | 0.238 | 0.254 | |
| 0.168 | 0.162 | 0.174 | 0.151 | 0.149 | 0.146 | |
| 1.390 | 1.368 | 1.406 | 1.212 | 1.249 | 1.296 | |
| 3.849 | 3.868 | 4.035 | 3.543 | 3.618 | 3.807 | |
| 0.444 | 0.451 | 0.466 | 0.416 | 0.425 | 0.443 | |
| 3.197 | 3.213 | 3.309 | 2.871 | 2.922 | 3.044 | |
| 0.680 | 0.696 | 0.725 | 0.648 | 0.657 | 0.693 | |
| 0.293 | 0.295 | 0.308 | 0.268 | 0.276 | 0.291 | |
| 0.560 | 0.568 | 0.552 | 0.533 | 0.496 | 0.489 | |
| 0.069 | 0.069 | 0.069 | 0.063 | 0.062 | 0.060 | |
| 0.058 | 0.059 | 0.063 | 0.054 | 0.055 | 0.059 | |
| 0.017 | 0.017 | 0.018 | 0.012 | 0.010 | 0.007 | |
| 0.092 | 0.090 | 0.092 | 0.079 | 0.078 | 0.080 | |
| 0.013 | 0.013 | 0.011 | 0.010 | 0.010 | 0.011 | |
| 0.417 | 0.430 | 0.426 | 0.406 | 0.402 | 0.396 | |
| 0.031 | - | 0.034 | - | 0.031 | - | |
| \$ | 11.110 | \$ 11.137 | \$ 11.514 | \$ 10.115 | \$ 10.291 | \$ 10.676 |
| | 12.51% | 12.28% | 12.21% | 11.98% | 12.14% | 12.14% |

VILLAGE OF PALATINE, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Levy Year and Nine Levy Years Ago

| Taxpayer | Tax Year 2018 | | | Tax Year 2009 | | |
|---------------------------|------------------------------|------|---|------------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total Village Taxable Assessed Valuation | Taxable Assessed Value | Rank | Percentage of Total Village Taxable Assessed Valuation |
| Weber Stephen Products | \$ 19,423,853 | 1 | 1.09% | NA | NA | NA |
| Deer Grove Center | 16,275,051 | 2 | 0.91% | NA | NA | NA |
| Wal Mart | 13,463,416 | 3 | 0.76% | 17,603,690 | 5 | 0.70% |
| Bourbon Square Apartments | 12,515,071 | 4 | 0.70% | NA | NA | NA |
| United Parcel Service | 12,205,919 | 5 | 0.69% | 18,717,296 | 4 | 0.80% |
| CSC Palatine Apartments | 9,982,331 | 6 | 0.56% | NA | NA | NA |
| Arlington Toyota | 9,200,415 | 7 | 0.52% | NA | NA | NA |
| Draper & Kramer Clays | 8,738,580 | 8 | 0.49% | NA | NA | NA |
| Nare Management LLC | 7,719,794 | 9 | 0.43% | NA | NA | NA |
| Target | 6,931,851 | 10 | 0.39% | 9,667,764 | 10 | 0.40% |
| Individual Taxpayer | NA | NA | NA | 23,123,155 | 1 | 1.00% |
| PFC Marquette Company | NA | NA | NA | 21,501,253 | 2 | 0.90% |
| Mid America Park Place | NA | NA | NA | 19,461,312 | 3 | 0.80% |
| Village Park Palatine 300 | NA | NA | NA | 15,710,700 | 6 | 0.60% |
| Regency Retail LLC | NA | NA | NA | 13,778,542 | 7 | 0.60% |
| Hamilton Partners | NA | NA | NA | 11,289,966 | 8 | 0.50% |
| Square D Company | NA | NA | NA | 11,093,033 | 9 | 0.50% |
| | <u>\$ 116,456,281</u> | | <u>6.54%</u> | <u>\$ 161,946,711</u> | | <u>6.80%</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 | | Percentage of Levy | Collections (Refunds) in Subsequent Years | Total Collections to Date | | Percentage of Levy |
|--------------|---------------|---|------------|-----------------------|--|---------------------------|------------|-----------------------|
| | | Amount | Percentage | | | Amount | Percentage | |
| 2009 | \$ 21,450,553 | \$ 18,588,397 | 86.66% | \$ 2,697,142 | \$ 21,285,539 | 99.23% | | |
| 2010 | 22,302,137 | 21,350,808 | 95.73% | 340,769 | 21,691,577 | 97.26% | | |
| 2011 | 22,275,019 | 21,834,784 | 98.02% | 217,849 | 22,052,633 | 99.00% | | |
| 2012 | 22,188,995 | 21,661,897 | 97.62% | 328,193 | 21,990,090 | 99.10% | | |
| 2013 | 22,097,695 | 21,729,359 | 98.33% | (88,326) | 21,641,033 | 97.93% | | |
| 2014 | 21,983,368 | 21,698,390 | 98.70% | 63,146 | 21,761,536 | 98.99% | | |
| 2015 | 21,988,263 | 21,688,247 | 98.64% | (12,207) | 21,676,040 | 98.58% | | |
| 2016 | 21,989,040 | 21,682,685 | 98.61% | 162,901 | 21,845,586 | 99.35% | | |
| 2017 | 22,829,755 | 22,611,087 | 99.04% | 368,031 | 22,979,118 | 100.65% | | |
| 2018 | 23,056,901 | 22,678,380 | 98.36% | - | 22,678,380 | 98.36% | | |

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* | |
| 2010 | \$ 96,605,992 | \$ 137,983 | \$ 20,051,477 | \$ 116,795,452 | 4.74% | \$ 1,704 | |
| 2011 | 98,342,273 | 122,402 | 18,892,992 | 117,357,667 | 4.79% | 1,722 | |
| 2012 | 91,969,327 | 116,859 | 17,526,482 | 109,612,668 | 4.45% | 1,599 | |
| 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 | 45,005,000 | 69,374 | 9,305,000 | 54,379,374 | 2.20% | 791 | |

* 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 Value of Property* | | Per Capita* |
|-------------------------|----------------------------|---------------------------------|---|--------------------------------|--|-----------------------|----------------|
| | Governmental Activities | Business- Type Activities | | | Primary Government | Value of Property* | |
| 2010 | \$ 96,605,992 | \$ 20,051,477 | \$ 2,685,963 | \$ 113,971,506 | 1.47% | \$ 1,554 | |
| 2011 | 98,342,273 | 18,892,992 | 2,584,143 | 114,651,122 | 1.56% | 1,662 | |
| 2012 | 91,969,327 | 17,526,482 | 2,122,279 | 107,373,530 | 1.74% | 1,664 | |
| 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 | |
| 2018 | 45,005,000 | 9,305,000 | - | 54,310,000 | 1.02% | 790 | |

* 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, 2019

| Governmental Unit | Gross Debt | Percentage Debt Applicable to the Village of Palatine (1) | Village of Palatine Share of Debt |
|--|-------------------------|--|--|
| Village of Palatine | <u>\$ 45,074,374</u> | 100.00% | <u>\$ 45,074,374</u> |
| School Districts | | | |
| Community Unit District 15 | 40,234,171 | 50.57% | 20,346,420 |
| Township High School District 211 | - | 23.51% | - |
| Township High School District 214 | 35,285,000 | 0.02% | 7,057 |
| Community College District 512 | <u>117,785,000</u> | 9.36% | <u>11,024,676</u> |
| Total school districts | <u>193,304,171</u> | | <u>31,378,153</u> |
| Other than schools | | | |
| Cook County | 3,372,226,750 | 1.16% | 39,117,830 |
| Cook County Forest Preserve District | 142,360,000 | 1.16% | 1,651,376 |
| Metropolitan Water Reclamation District | 2,810,177,000 | 1.18% | 33,160,089 |
| Park Districts | | | |
| Arlington Heights Park District | 14,320,000 | 0.06% | 8,592 |
| Palatine Park District | 21,715,000 | 75.90% | 16,481,685 |
| Salt Creek Park District | 2,306,000 | 50.30% | 1,159,918 |
| Palatine Public Library District | - | 77.66% | - |
| Total other than schools | <u>6,363,104,750</u> | | <u>91,579,490</u> |
| Total Overlapping Governmental Activities Debt | | | |
| | <u>6,556,408,921</u> | | <u>122,957,643</u> |
| Total Direct and Overlapping Governmental Activities Debt | | | |
| | <u>\$ 6,601,483,295</u> | | <u>\$ 168,032,017</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 2018 EAV is the most current available.

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

December 31, 2019

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 |
|-------------|------------|------------------|----------------------------|-------------------|
| 2010 | 68,557 | \$ 2,463,595,795 | \$ 35,935 | 8.5% |
| 2011 | 68,557 | 2,463,595,795 | 35,935 | 7.9% |
| 2012 | 68,557 | 2,463,595,795 | 35,935 | 8.2% |
| 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 | 4.6% |
| 2017 | 68,766 | 2,476,263,660 | 36,010 | 4.0% |
| 2018 | 68,766 | 2,476,263,660 | 36,010 | 3.2% |
| 2019 | 68,766 | 2,476,263,660 | 36,010 | 2.5% |

Data Source

US Census Bureau

Illinois Department of Employment Security

VILLAGE OF PALATINE, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

| Employer | 2019 | | | 2010 | | |
|---|------|--------------------------|--|------|--------------------------|--|
| | 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 | 3.55% | 1 | 2,300 | 3.49% |
| Township High School District 211 | 2 | 2,055 | 2.99% | 3 | 2,030 | 3.08% |
| United States Postal Service | 3 | 1,900 | 2.76% | 2 | 2,200 | 3.34% |
| Community College District 512 | 4 | 840 | 1.22% | 5 | 700 | 1.02% |
| Little City Foundation | 5 | 735 | 1.07% | 4 | 715 | 0.73% |
| Weber-Stephen Products | 6 | 400 | 0.58% | 9 | 200 | 0.29% |
| Village of Palatine | 7 | 338 | 0.49% | 7 | 376 | 0.57% |
| Intec Group, Inc. | 8 | 175 | 0.25% | 10 | 150 | 0.23% |
| Arlington Plating | 8 | 175 | 0.25% | 10 | 150 | 0.22% |
| United Parcel Service | 10 | 155 | 0.23% | 6 | 500 | 0.76% |
| Schneider Electric - Square D | NA | NA | NA | 8 | 350 | 0.51% |

Data Source

Village Records

VILLAGE OF PALATINE, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| GENERAL GOVERNMENT | | | | | | | | | | |
| Village Clerk | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 1.5 | 1.5 | 1.5 | 1.5 |
| Village Manager | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 4.5 | 5.0 | 5.0 | 5.0 |
| Finance and Operations | 15.0 | 13.0 | 12.0 | 12.0 | 12.0 | 12.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Legal | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Human Resources | 4.0 | 4.0 | 2.5 | 2.5 | 2.5 | 2.5 | 3.0 | 3.0 | 3.0 | 3.0 |
| Information systems | 9.5 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 8.0 | 7.5 | 7.5 |
| Planning and Zoning | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 3.5 | 3.5 | 3.5 |
| PUBLIC SAFETY | | | | | | | | | | |
| Community services | 16.5 | 14.5 | 15.5 | 15.0 | 15.0 | 16.0 | 16.0 | 20.5 | 20.0 | 20.0 |
| Police | | | | | | | | | | |
| Sworn personnel | 111.0 | 110.0 | 109.0 | 109.0 | 108.0 | 109.0 | 109.0 | 109.0 | 109.0 | 109.0 |
| Civilians | 31.0 | 31.5 | 31.5 | 31.5 | 31.0 | 31.5 | 27.5 | 31.0 | 29.5 | 29.5 |
| Fire | | | | | | | | | | |
| Sworn personnel | 93.0 | 92.0 | 91.0 | 91.0 | 91.0 | 91.0 | 91.0 | 91.0 | 91.0 | 91.0 |
| Civilians | 10.5 | 9.5 | 9.5 | 9.5 | 9.5 | 9.5 | 9.5 | 8.5 | 8.5 | 8.5 |
| PUBLIC WORKS | | | | | | | | | | |
| Public Works | 66.0 | 64.5 | 63.5 | 63.5 | 63.5 | 63.5 | 63.0 | 62.0 | 62.0 | 64.0 |

Data Source

Village Records

VILLAGE OF PALATINE, ILLINOIS

OPERATING INDICATORS AND CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

| OPERATING INDICATORS | | | | | | | | | | |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| PUBLIC SAFETY | | | | | | | | | | |
| Police | | | | | | | | | | |
| Physical arrests | 2,224 | 1,657 | 1,506 | 1,475 | 1,527 | 1,660 | 1,832 | 2,155 | 2,233 | 2,146 |
| Parking violations | 6,908 | 6,264 | 4,364 | 4,754 | 4,756 | 5,664 | 5,645 | 6,638 | 7,017 | 7,490 |
| Traffic violations | 11,616 | 10,680 | 9,928 | 9,933 | 9,960 | 11,229 | 10,663 | 10,056 | 11,251 | 10,258 |
| Fire | | | | | | | | | | |
| Emergency responses | 7,233 | 7,510 | 7,680 | 7,770 | 8,009 | 7,661 | 7,853 | 7,709 | 8,080 | 7,879 |
| PUBLIC WORKS | | | | | | | | | | |
| Water | | | | | | | | | | |
| Number of connections | 19,644 | 19,473 | 19,481 | 19,584 | 19,181 | 19,181 | 19,181 | 19,181 | 19,181 | 19,181 |
| Avg daily consumption | 6.44M | 6.47M | 6.93M | 6.57M | 6.30M | 6.49M | 6.22M | 5.75M | 5.93M | 5.71M |
| CAPITAL ASSET STATISTICS | | | | | | | | | | |
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| PUBLIC SAFETY | | | | | | | | | | |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 25 | 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) | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 |
| Number of bridges | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Waterworks | | | | | | | | | | |
| Water mains (miles) | 156 | 156 | 156 | 156 | 245 | 245 | 246 | 246 | 247 | 247 |
| Fire hydrants | 2,060 | 2,060 | 2,060 | 2,060 | 2,513 | 2,513 | 2,523 | 2,523 | 2,523 | 2,523 |
| Sewerage | | | | | | | | | | |
| Sanitary sewers (miles) | 145 | 145 | 145 | 145 | 168 | 168 | 169 | 169 | 169 | 171 |
| Storm sewers (miles) | 225 | 225 | 225 | 225 | 260 | 260 | 263 | 263 | 264 | 264 |

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, 2019

| | As Percent of | | Per Capita | |
|--|-----------------------|---------------|------------------------|-----------------|
| | Estimated | | (2010 Special | |
| | Assessed Amount | True Value | Census Pop. 68,557) | |
| Taxable real property, 2018 | | | | |
| Assessed valuation | \$ 1,779,081,313 | 100.00% | 33.33% | \$ 25,950 |
| Estimated true value | 5,337,243,939 | 300.00% | 100.00% | 77,851 |
| Total general obligation bonded debt (1): | 54,310,000 | 3.05% | 1.02% | 792 |
| Less: Self-Supporting | (28,155,000) | -1.58% | -0.53% | (411) |
| Net general obligation bonded debt | <u>26,155,000</u> | <u>1.47%</u> | <u>0.49%</u> | <u>382</u> |
| Overlapping bonded debt payable from property taxes (2): | | | | |
| Schools | 31,378,153 | 1.76% | 0.59% | 458 |
| Other than schools | 91,579,490 | 5.15% | 1.72% | 1,336 |
| Total overlapping bonded debt | <u>122,957,643</u> | <u>6.91%</u> | <u>2.30%</u> | <u>1,794</u> |
| Total net direct and overlapping bonded debt | <u>\$ 149,112,643</u> | <u>8.38%</u> | <u>2.79%</u> | <u>\$ 2,175</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 \$28,155,000 or 51.8% is considered self-supporting.

(2) Overlapping bonded debt as of June 2019.

[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, 2019

| Due 12/1 | Series 2010 (2 Issues) | | Series 2012 | | Series 2014 (2 Issues) | | Series 2015 | | Series 2017 (4 Issues) | |
|----------|------------------------------|------------|----------------|-----------|------------------------------|-----------|----------------|-----------|------------------------------|------------|
| | \$ | 650,000 | \$ | 570,000 | \$ | 1,565,000 | \$ | 695,000 | \$ | 2,540,000 |
| 2020 | \$ | 650,000 | \$ | 570,000 | \$ | 1,565,000 | \$ | 695,000 | \$ | 2,540,000 |
| 2021 | | 675,000 | | 595,000 | | 945,000 | | 725,000 | | 3,295,000 |
| 2022 | | 705,000 | | 615,000 | | 975,000 | | 750,000 | | 3,385,000 |
| 2023 | | - | | - | | 1,015,000 | | 785,000 | | 1,180,000 |
| 2024 | | 725,000 | | - | | 1,050,000 | | 820,000 | | 1,200,000 |
| 2025 | | 735,000 | | - | | 1,090,000 | | 870,000 | | 1,210,000 |
| 2026 | | 1,275,000 | | - | | 310,000 | | - | | 745,000 |
| 2027 | | 1,325,000 | | - | | 325,000 | | - | | - |
| 2028 | | 1,340,000 | | - | | 335,000 | | - | | - |
| 2029 | | 1,400,000 | | - | | - | | - | | - |
| 2030 | | 2,200,000 | | - | | - | | - | | - |
| 2031 | | 2,300,000 | | - | | - | | - | | - |
| 2032 | | 2,400,000 | | - | | - | | - | | - |
| 2033 | | 2,500,000 | | - | | - | | - | | - |
| 2034 | | 2,600,000 | | - | | - | | - | | - |
| | \$ | 20,830,000 | \$ | 1,780,000 | \$ | 7,610,000 | \$ | 4,645,000 | \$ | 13,555,000 |

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 \$5,365,000 outstanding principal on Special Service Area Bonds, which are secured by a separate levy on property within the Special Service Area; \$69,374 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. This table also excludes the Village's obligations as a member of the Solid Waste agency of Northern Cook County (SWANCC), a municipal joint action agency created to construct and equip a waste project to dispose of the municipal waste of its members.

(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 \$54,310,000 outstanding principal at December 31, 2019, the Village estimates that \$28,155,000 (51.8%) is self-supporting from non-property tax sources.

Data Source

Village Records

| Series 2018 | Total Maturities (2) | |
|----------------|----------------------|--------|
| | Amount | % |
| \$ 440,000 | \$ 6,460,000 | 11.9% |
| 470,000 | 6,705,000 | 12.3% |
| 500,000 | 6,930,000 | 12.8% |
| 530,000 | 3,510,000 | 6.5% |
| 560,000 | 4,355,000 | 8.0% |
| 600,000 | 4,505,000 | 8.3% |
| 640,000 | 2,970,000 | 5.5% |
| 670,000 | 2,320,000 | 4.3% |
| 725,000 | 2,400,000 | 4.4% |
| 755,000 | 2,155,000 | 4.0% |
| - | 2,200,000 | 4.1% |
| - | 2,300,000 | 4.2% |
| - | 2,400,000 | 4.4% |
| - | 2,500,000 | 4.6% |
| - | 2,600,000 | 4.8% |
| \$ 5,890,000 | \$ 54,310,000 | 100.0% |

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, 2019

| Village Issue | | Ratio to Estimated Actual Value | | | | | | Per Capita | | | | | |
|------------------------|--------------|----------------------------------|----------------------------|----------------------------------|----------------------------|----------------------------------|----------------------------|----------------------------------|----------------------------|------------------------|--|--|--|
| | | Direct Debt | | | Overlapping Debt | | | | | | | | |
| | | Excluding | Excluding | Excluding | Excluding | Excluding | Excluding | | | | | | |
| Sale Date | Amount | Including Self- Supporting | Self- Supporting (1) | Including Self- Supporting | Self- Supporting (1) | Including Self- Supporting | Self- Supporting (1) | Including Self- Supporting | Self- Supporting (1) | Population Estimate | | | |
| June 15, 2009 | \$ 9,545,000 | 1.50% | 0.41% | 3.24% | 2.15% | \$ 3,212 | \$ 2,129 | 65,920 | | | | | |
| 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 | | | | | |

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, 2019

| 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% | \$ 40,234,171 | 50.57% | \$ 20,346,420 |
| Township High School District No. 211 | 99.9% | - | 23.51% | - |
| Township High School District No. 214 | 0.1% | 35,285,000 | 0.02% | 7,057 |
| Community College District No. 512 | 100.0% | <u>117,785,000</u> | 9.36% | <u>11,024,676</u> |
| Total school districts | | <u>193,304,171</u> | | <u>31,378,153</u> |
| Other than schools | | | | |
| Cook County | 100.0% | 3,372,226,750 | 1.16% | 39,117,830 |
| Cook County Forest Preserve District | 100.0% | 142,360,000 | 1.16% | 1,651,376 |
| Metropolitan Water Reclamation District | 100.0% | 2,810,177,000 | 1.18% | 33,160,089 |
| Park Districts | | | | |
| Arlington Heights Park District | 0.1% | 14,320,000 | 0.06% | 8,592 |
| Palatine Park District | 94.2% | 21,715,000 | 75.90% | 16,481,685 |
| Salt Creek Park District | 5.7% | 2,306,000 | 50.30% | 1,159,918 |
| Palatine Public Library District | 100.0% | - | 77.66% | - |
| Total other than schools | | <u>6,363,104,750</u> | | <u>91,579,490</u> |
| Total Overlapping Governmental Activities Debt | | <u>\$ 6,556,408,921</u> | | <u>\$ 122,957,643</u> |

Notes:

(1) As of June 2019.

(2) Overlapping debt percentages based on 2016 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, 2019

| Levy Year | Net for General Taxing Purposes | Plus Incremental Valuation | Total For All Taxing Purposes (1) | Increase Over Prior Year |
|--------------|---------------------------------------|----------------------------------|---|--------------------------------|
| 2009 | \$ 2,432,035,439 | \$ 194,197,517 | \$ 2,626,232,956 | 11.6% |
| 2010 (2) | 2,182,205,171 | 171,135,223 | 2,353,340,394 | -10.4% |
| 2011 | 1,987,066,782 | 155,066,131 | 2,142,132,913 | -9.0% |
| 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% |

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, 2019

| Tax Levy Year | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|------------------|------------------|------------------|------------------|------------------|
| TAX RATES | | | | | |
| Village of Palatine (1) | | | | | |
| Social Security | \$ 0.119 | \$ 0.125 | \$ 0.111 | \$ 0.136 | \$ 0.117 |
| IMRF | 0.080 | 0.085 | 0.075 | 0.060 | 0.054 |
| Corporate (Police Protection) | 0.306 | 0.295 | 0.215 | 0.206 | 0.228 |
| Fire Protection | 0.306 | 0.295 | 0.215 | 0.206 | 0.228 |
| Fire Pension | 0.204 | 0.210 | 0.218 | 0.254 | 0.269 |
| Police Pension | 0.191 | 0.222 | 0.227 | 0.238 | 0.254 |
| Debt Service | 0.162 | 0.174 | 0.151 | 0.149 | 0.146 |
| Total Village of Palatine | 1.368 | 1.406 | 1.212 | 1.249 | 1.296 |
| School Districts | | | | | |
| Palatine CCSD No. 15 | 3.868 | 4.035 | 3.543 | 3.618 | 3.807 |
| Junior College No. 512 | 0.451 | 0.466 | 0.416 | 0.425 | 0.443 |
| Township HSD No. 211 | 3.213 | 3.309 | 2.871 | 2.922 | 3.044 |
| Park District | 0.696 | 0.725 | 0.648 | 0.657 | 0.693 |
| Library District | 0.295 | 0.308 | 0.268 | 0.276 | 0.291 |
| County | | | | | |
| County of Cook | 0.568 | 0.552 | 0.533 | 0.496 | 0.489 |
| Forest Preserve | 0.069 | 0.069 | 0.063 | 0.062 | 0.060 |
| Township | | | | | |
| Palatine Township | 0.059 | 0.063 | 0.054 | 0.055 | 0.059 |
| General Assistance | 0.017 | 0.018 | 0.012 | 0.010 | 0.007 |
| Road and Bridge | 0.090 | 0.092 | 0.079 | 0.078 | 0.080 |
| Other Districts | | | | | |
| Northwest Mosquito | 0.013 | 0.011 | 0.010 | 0.010 | 0.011 |
| Sanitary District | 0.430 | 0.426 | 0.406 | 0.402 | 0.396 |
| Elections (ELCO) | - | 0.034 | - | 0.031 | - |
| TOTAL TAX RATE (2) | \$ 11.137 | \$ 11.514 | \$ 10.115 | \$ 10.291 | \$ 10.676 |
| SHARE OF TOTAL TAX LEVIED BY THE VILLAGE | | | | | |
| | 12.28% | 12.21% | 11.98% | 12.14% | 12.14% |

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, 2019

| 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 |
| 2009 | \$ 21,450,553 | \$ 18,588,397 | 86.66% | \$ 2,697,142 | \$ 21,285,539 | 99.23% |
| 2010 | 22,302,137 | 21,350,808 | 95.73% | 340,769 | 21,691,577 | 97.26% |
| 2011 | 22,275,019 | 21,834,784 | 98.02% | 217,849 | 22,052,633 | 99.00% |
| 2012 | 22,188,995 | 21,661,897 | 97.62% | 328,193 | 21,990,090 | 99.10% |
| 2013 | 22,097,695 | 21,729,359 | 98.33% | (88,326) | 21,641,033 | 97.93% |
| 2014 | 21,983,368 | 21,698,390 | 98.70% | 63,146 | 21,761,536 | 98.99% |
| 2015 | 21,988,263 | 21,688,247 | 98.64% | (12,207) | 21,676,040 | 98.58% |
| 2016 | 21,989,040 | 21,682,685 | 98.61% | 162,901 | 21,845,586 | 99.35% |
| 2017 | 22,829,755 | 22,611,087 | 99.04% | 368,031 | 22,979,118 | 100.65% |
| 2018 | 23,056,901 | 22,678,380 | 98.36% | - | 22,678,380 | 98.36% |

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, 2019

| Property Classification (1) | 2014 | 2015 | 2016 | 2017 | 2018 |
|------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Residential | \$ 1,286,288,306 | \$ 1,251,420,992 | \$ 1,499,369,745 | \$ 1,503,316,838 | \$ 1,463,225,616 |
| Commercial | 261,895,895 | 255,861,463 | 253,938,396 | 261,662,095 | 254,339,800 |
| Industrial/Railroad/Farm | 58,787,142 | 56,605,366 | 60,969,048 | 62,863,747 | 61,515,897 |
| Net for General Taxing Purposes | 1,606,971,343 | 1,563,887,821 | 1,814,277,189 | 1,827,842,680 | 1,779,081,313 |
| Incremental Valuation (2) | <u>84,767,445</u> | <u>197,915,722</u> | <u>82,951,271</u> | <u>108,242,637</u> | <u>111,848,301</u> |
| Total for all Taxing Purposes | <u>\$ 1,691,738,788</u> | <u>\$ 1,761,803,543</u> | <u>\$ 1,897,228,460</u> | <u>\$ 1,936,085,317</u> | <u>\$ 1,890,929,614</u> |
| Percentage Increase | -14.3% | 7.8% | -8.8% | 6.5% | -0.3% |

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, 2019

| Taxpayer | | | Taxable Assessed Value | Rank | Percentage of Total Village Taxable Assessed Valuation |
|---------------------------|------------------------|--|------------------------------|------|---|
| Weber Stephen Products | Manufacturing | | \$ 19,423,853 | 1 | 1.09% |
| Deer Grove Center | Commercial Real Estate | | 16,275,051 | 2 | 0.91% |
| Wal Mart | Retail Store | | 13,463,416 | 3 | 0.76% |
| Bourbon Square Apartments | Apartments | | 12,515,071 | 4 | 0.70% |
| United Parcel Service | United Parcel Service | | 12,205,919 | 5 | 0.69% |
| CSC Palatine Apartments | Apartments | | 9,982,331 | 6 | 0.56% |
| Arlington Toyota | Automobile Dealership | | 9,200,415 | 7 | 0.52% |
| Draper & Kramer Clays | Commercial Real Estate | | 8,738,580 | 8 | 0.49% |
| Nare Management LLC | Commercial Real Estate | | 7,719,794 | 9 | 0.43% |
| Target | Retail Store | | 6,931,851 | 10 | 0.39% |
| | | | <u>\$ 116,456,281</u> | | <u>6.54%</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 2018 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, 2019

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

(Fiscal Year Ending December 31, 2015 - 2019)

| | 2015 | 2016 | 2017 | 2018 | 2019 | CY 2020 Budget (2) |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|------------------------------|
| REVENUES | | | | | | |
| Taxes | \$ 25,505,027 | \$ 26,055,992 | \$ 25,423,866 | \$ 26,718,556 | \$ 26,719,977 | \$ 29,076,944 |
| Licenses and permits | 3,153,792 | 3,284,115 | 3,272,240 | 3,226,870 | 3,609,532 | 3,384,000 |
| Intergovernmental | 19,484,491 | 18,532,713 | 18,461,630 | 19,534,046 | 21,290,467 | 20,838,899 |
| Charges for services | 3,855,071 | 4,092,172 | 4,108,578 | 4,515,911 | 4,647,540 | 4,187,515 |
| Fines and forfeits | 1,367,053 | 1,552,117 | 1,726,483 | 1,936,416 | 1,681,635 | 1,942,500 |
| Investment income | 266,890 | 300,885 | 426,061 | 567,404 | 697,884 | 145,855 |
| Miscellaneous | 80,843 | 427,647 | 164,619 | 451,983 | 456,818 | 430,000 |
| Sale of capital assets | - | 1,142 | - | - | - | - |
| Transfers | - | - | 38,096 | - | - | - |
| Total revenues | 53,713,167 | 54,246,783 | 53,621,573 | 56,951,186 | 59,103,853 | 60,005,713 |
| EXPENDITURES | | | | | | |
| General government | 5,853,988 | 6,064,441 | 5,359,971 | 5,129,280 | 5,190,804 | 7,364,475 |
| Public safety | 40,046,839 | 40,504,033 | 42,384,180 | 43,471,946 | 45,411,561 | 48,019,350 |
| Public works | 6,419,162 | 6,227,585 | 5,982,359 | 6,065,407 | 6,212,413 | 6,858,810 |
| Transfers | 2,266,125 | - | - | 780,566 | 2,856,860 | - |
| Total expenditures | 54,586,114 | 52,796,059 | 53,726,510 | 55,447,199 | 59,671,638 | 62,242,635 |
| EXCESS (DEFICIENCY) OF REVENUES | | | | | | |
| OVER EXPENDITURES | (872,947) | 1,450,724 | (104,937) | 1,503,987 | (567,785) | <u>\$ (2,236,922)</u> |
| FUND BALANCE, JANUARY 1 | 22,907,449 | 22,034,502 | 23,485,226 | 23,380,289 | 24,884,276 | 24,884,276 |
| FUND BALANCE, DECEMBER 31 | \$ 22,034,502 | \$ 23,485,226 | \$ 23,380,289 | \$ 24,884,276 | \$ 24,316,491 | \$ 24,316,491 |

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, 2019

Balance Sheet (1)
(December 31, 2015 - 2019)

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 13,180,345 | \$ 15,342,309 | \$ 17,286,112 | \$ 19,083,224 | \$ 19,975,689 |
| Receivables | | | | | |
| Property taxes | 19,153,128 | 19,053,174 | 19,941,934 | 20,254,536 | 21,502,944 |
| Other | 772,440 | 808,115 | 773,590 | 841,524 | 881,082 |
| Due from other governments | 4,382,548 | 5,304,769 | 4,451,760 | 4,719,989 | 4,896,865 |
| Accrued interest | 5,580 | 7,990 | 37,330 | 98,235 | 122,305 |
| Due from other funds | 722,987 | 232,959 | 27,861 | 18,799 | 19,565 |
| Prepaid expenses | - | - | - | 75,000 | 72,764 |
| Advance to other funds | 5,022,070 | 5,261,220 | 4,470,370 | 3,663,890 | 2,817,085 |
| TOTAL ASSETS | \$ 43,239,098 | \$ 46,010,536 | \$ 46,988,957 | \$ 48,755,197 | \$ 50,288,299 |
| LIABILITIES | | | | | |
| Accounts payable | \$ 235,896 | \$ 422,969 | \$ 602,576 | \$ 498,390 | \$ 651,498 |
| Deferred revenues | 14,054 | - | - | - | - |
| All other liabilities | 1,873,098 | 1,849,167 | 2,018,324 | 2,139,693 | 2,953,183 |
| TOTAL LIABILITIES | 2,123,048 | 2,272,136 | 2,620,900 | 2,638,083 | 3,604,681 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred property taxes | 19,081,548 | 19,053,174 | 19,897,548 | 20,254,536 | 21,502,944 |
| Unavailable revenue | - | 1,200,000 | 1,090,220 | 978,302 | 864,183 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 19,081,548 | 20,253,174 | 20,987,768 | 21,232,838 | 22,367,127 |
| FUND BALANCES | | | | | |
| Nonspendable | 5,022,070 | 5,261,220 | 4,470,370 | 75,000 | 2,889,849 |
| Unassigned | 17,012,432 | 18,224,006 | 18,909,919 | 21,145,386 | 21,426,642 |
| TOTAL FUND BALANCES | 22,034,502 | 23,485,226 | 23,380,289 | 21,220,386 | 24,316,491 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 43,239,098 | \$ 46,010,536 | \$ 46,988,957 | \$ 45,091,307 | \$ 50,288,299 |

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, 2019

| | | <i>Fund Balances/Net Position</i> | | | | |
|------------------------------------|--|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 2015 | 2016 | 2017 | 2018 | 2019 |
| Governmental Fund Types | | | | | | |
| General | | \$ 22,034,502 | \$ 23,485,226 | \$ 23,380,289 | \$ 24,884,276 | \$ 24,316,491 |
| Special Revenue | | 14,674,480 | 13,829,100 | 18,853,143 | 19,325,611 | 19,603,949 |
| Debt Service | | 164,210 | 192,428 | 206,369 | 228,620 | 124,657 |
| Capital Projects | | 13,536,719 | 7,451,239 | 9,116,907 | 10,817,419 | 11,354,671 |
| | | <u>50,409,911</u> | <u>44,957,993</u> | <u>51,556,708</u> | <u>55,255,926</u> | <u>55,399,768</u> |
| Proprietary Fund Types | | | | | | |
| Enterprise Funds | | 57,365,321 | 54,979,319 | 58,043,925 | 60,270,076 | 64,597,840 |
| Internal Service Funds | | 6,899,091 | 6,844,394 | 6,994,899 | 6,682,329 | 6,606,341 |
| | | <u>64,264,412</u> | <u>61,823,713</u> | <u>65,038,824</u> | <u>66,952,405</u> | <u>71,204,181</u> |
| Fiduciary Fund Types (2): | | | | | | |
| Pension Trust | | 121,333,691 | 130,441,483 | 150,189,361 | 141,589,194 | 170,479,283 |
| Total All Funds (Memo Only) | | \$ 236,008,014 | \$ 237,223,189 | \$ 266,784,893 | \$ 263,797,525 | \$ 297,083,232 |

| | | <i>Cash and Investments</i> | | | | |
|------------------------------------|--|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 2015 | 2016 | 2017 | 2018 | 2019 |
| Fund | | | | | | |
| General | | \$ 13,180,345 | \$ 15,342,309 | \$ 17,286,112 | \$ 19,083,224 | \$ 19,975,689 |
| Special Revenue | | 7,005,104 | 8,685,090 | 12,557,189 | 16,648,905 | 17,924,211 |
| Debt Service | | 154,219 | 192,428 | 200,314 | 228,620 | 124,657 |
| Capital Projects | | 15,203,368 | 7,522,738 | 9,012,473 | 10,741,026 | 10,974,219 |
| Enterprise Funds | | 16,632,413 | 10,910,092 | 13,277,740 | 15,771,557 | 17,909,059 |
| Internal Service Funds | | 8,592,296 | 8,731,379 | 9,177,862 | 8,930,375 | 9,348,561 |
| Pension Trust | | <u>121,019,158</u> | <u>130,119,926</u> | <u>149,711,055</u> | <u>141,231,470</u> | <u>169,673,169</u> |
| Total All Funds (Memo Only) | | \$ 181,786,903 | \$ 181,503,962 | \$ 211,222,745 | \$ 212,635,177 | \$ 245,929,565 |

Notes:

(1) These condensed financial statements for the years ending December 31, 2015 - 2019, have been prepared from the full Comprehensive Annual Financial Reports (CAFR) 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 CAFR for the fiscal year ended December 31, 2019, included an unmodified "Report of Independent Auditors". Similar unmodified opinions were included in the Village's CAFRs for the fiscal years ended December 31, 2015 - 2018. 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, 2019, 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."

(2) Excludes the Village's Custodial Funds.

Data Source

Village Records

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12
 CAPITAL ASSETS
 December 31, 2019

| | Governmental Activities | Business-Type Activities |
|----------------------------------|-------------------------|--------------------------|
| Land | \$ 11,565,020 | \$ 4,858,690 |
| Land - Rights of way | 139,806,925 | - |
| Machinery and equipment | 11,945,125 | 2,838,680 |
| Buildings and improvements | 52,208,475 | 23,018,430 |
| Streets | 30,260,400 | - |
| Bridges | 1,596,735 | - |
| Sanitary sewer system | - | 26,952,900 |
| Storm sewer system | - | 34,351,055 |
| Water system | - | 25,191,704 |
| | <hr/> 247,382,680 | <hr/> 117,211,459 |
| Less: Accumulated depreciation | <hr/> 40,793,640 | <hr/> 73,143,225 |
| Net investment in capital assets | <hr/> \$ 206,589,040 | <hr/> \$ 44,068,234 |

Data Source

Village Records