

# VILLAGE OF PALATINE

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED  
DECEMBER 31, 2008**

VILLAGE OF PALATINE, ILLINOIS

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

For the Year Ended  
December 31, 2008

Prepared by the Finance Department

Paul D. Mehring, CPA  
Director of Finance and Operations

Susan D. Conn  
Assistant Finance Director

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VILLAGE OF PALATINE, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2008

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MAYOR

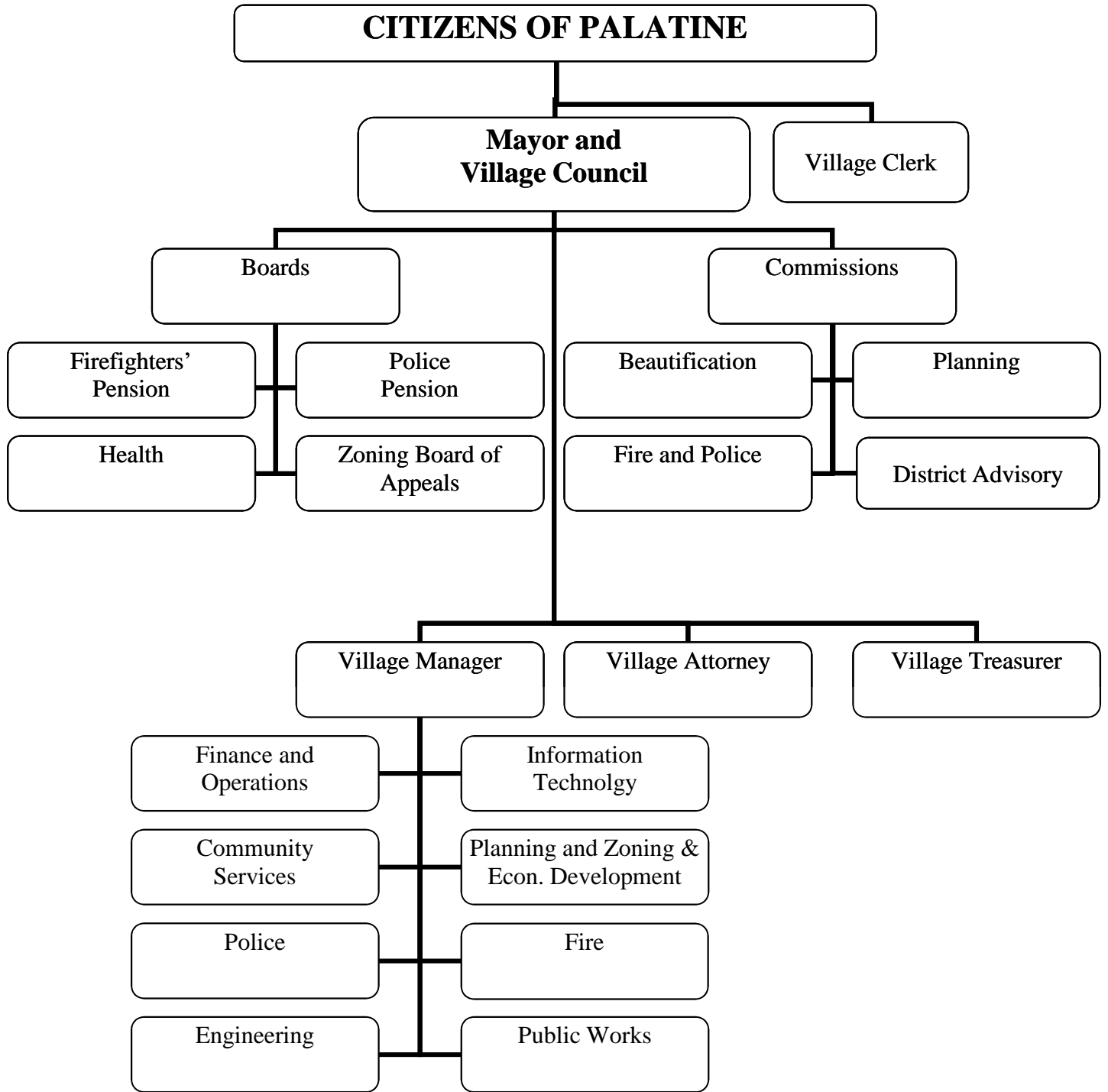
Rita L. Mullins

VILLAGE COUNCIL

Michael Jezierski	District 1
Scott Lamerand	District 2
Daniel A. Varroney	District 3
Gregory J. Solberg	District 4
Jack Wagner	District 5
Brad Helms	District 6

ADMINISTRATIVE

Reid T. Ottesen	Village Manager
Margaret Duer	Village Clerk
Thomas D. Coy	Village Treasurer
Robert C. Kenny	Village Attorney
Paul D. Mehring	Finance Director



# 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, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director





## **FINANCE & OPERATIONS**

# **VILLAGE OF PALATINE**

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

[www.palatine.il.us](http://www.palatine.il.us)

May 29, 2009

Mayor Jim Schwantz  
Members of the Village Council  
Village Manager, Reid 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 principals (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, 2008.

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, 2008, 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 unqualified opinion that the Village's financial statements for the calendar year ended December 31, 2008, 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 65,920. 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, function (e.g., public safety), and department (e.g., police). 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 and the Downtown TIF Fund, this comparison is presented on pages 62 and 63 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 71.

## **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 a number of 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 receipts for calendar year 2008 decreased by approximately \$0.5 million (3.9%) from the prior year.

Palatine's average unemployment rate is some 1.5% 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 2000 census, ranked the Village 59th in the State of Illinois and 35.9% 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 both increased residential and commercial/industrial construction and through carefully planned annexations of surrounding unincorporated properties.

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 "Golden Corridor" which extends along Interstate 90 from O'Hare Airport to Elgin, a stretch of approximately 25 miles. Over the past twenty years, this particular area has been one of the fastest growing areas in the entire Midwest. Economic development in the area directly Southwest of Palatine is expected to continue at a strong pace. This particular area with some 2,000 acres of prime land available for office and commercial use is expected to be the focal point of continued expansion for many years to come. Additionally, the Village of Deer Park, continues to develop once vacant land immediately north of the Village. Deer Park Towne Center, an upscale shopping mall, and an office building are already developed with future plans including another office building and additional retail development.

The Village actively encourages economic development as demonstrated by the growth during the past ten years. Following is a discussion of some of the major development projects recently completed or planned for the future:

**Gateway Center** – This development is the first major private investment in the downtown business district. It is a mixed-use development consisting of the relocated Durty Nellie's restaurant and entertainment complex, a five-story office building, and a five-floor parking garage that accommodates 800 daily commuters and 400 workers/shoppers.

**Walmart** – This retailer located in the Village of Palatine's Rand Road Corridor Tax Increment Financing (TIF) District at the site of an old Builder's Square. This was the first major project in this new TIF District. Completion of construction and the grand opening of the store occurred in August of 2004.

**Foxfire/Caputo's** – Caputo's is a local grocery store chain that located a new facility in the Foxfire Plaza, which is also located in the Rand Road Corridor TIF District. This project was completed and the grand opening occurred in the spring of 2005.

**Arlington Toyota** – This approved project locates an automotive dealership on what was previously a mainly vacant tract of land at a major intersection along Rand Road. The project will consist initially of a new car Toyota dealership building with approximately 82,000 square feet of interior space. The dealership will be a state of the art facility designed and constructed to be compliant with the Toyota 2012 Facility Standards and Toyota Image II Facility Design Guidelines.

**City Limits Harley Davidson** – This approved project consists of the development, construction, financing, and completion of a commercial building consisting of approximately 40,000 square feet for purposes of operating a Harley Davidson Motorcycle Dealership, and the potential future phase consisting of a not less than five thousand square foot related themed restaurant.

### **Long-term financial planning**

In addition to the economic development projects mentioned above, the Village has demonstrated a commitment to maintaining its infrastructure. In 2008, the Village spent over \$6.2 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. Also, a village-wide traffic study was performed in 2000 and updated in 2005 to identify problem areas for the Village to focus on in future years. Additionally, a major improvement to the intersection of Palatine and Plum Grove Roads is in the planning stages. This is a critically important intersection in the Village's downtown area.

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, 2007. This was the eighth consecutive year that the Village has received this prestigious award. In order 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. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this 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, most notably Accounting Manager, Nikki Winikates. I would also like to thank the staff at Sikich LLP, for their assistance in completing this CAFR.

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,



Director  
Finance and Operations





998 Corporate Boulevard • Aurora, IL 60502

## 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, as of and for the year ended December 31, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Village of Palatine, Illinois' nonmajor governmental, internal service and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended December 31, 2008, as listed in the table of contents. These basic financial statements are the responsibility of the Village of Palatine, Illinois' management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the 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, 2008, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining and individual fund financial statements referred to above present fairly, in all material respects, the financial position of each nonmajor governmental, internal service and fiduciary fund of the Village of Palatine, Illinois, as of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 9, 2009 on our consideration of the Village of Palatine, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant 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* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the other required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Palatine, Illinois' financial statements. The individual fund schedules and supplemental data as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The individual fund schedules and supplemental data have been subjected to the auditing procedures applied in the audit of the basic, combining, and individual fund financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements and each of the combining and individual fund financial statements taken as a whole.

The information in the introductory and statistical sections listed in the table of contents was not audited by us and, accordingly, we do not express an opinion thereon.

A handwritten signature in dark ink, appearing to read "Sibich LLP". The signature is written in a cursive, flowing style.

Aurora, Illinois  
May 29, 2009

## General Purpose External Financial Statements

**VILLAGE OF PALATINE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2008**

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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 assets decreased by \$1.6 million (0.8%) during the fiscal year ending December 31, 2008. The governmental net assets decreased by \$5.1 million and the business-type activities net assets increased by \$3.5 million.
- The Village's combined Governmental Funds ending fund balance decreased \$16.5 million (27.1%) as of December 31, 2008.
- At the end of the current fiscal year, unreserved - undesignated fund balance for the General Fund was \$11.6 million or 23.7% of General Fund expenditures.

**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.

**Government-Wide Financial Statements**

The government-wide financial statements (see pages 3-5) 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 Assets ("the Unrestricted Net Assets") 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 4-5) 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.



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

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**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 of 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 10 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, General Obligation Bond Fund, Tax Increment Revenue Refunding Bond Fund, and Rand Road Corridor TIF 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 12-17) 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. 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 Agency Fund, see pages 18 - 19). 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 8 and 11). 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)

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

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.

**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 20 - 68 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 69 - 80 of this report. The combining and individual fund statements for non-major governmental, enterprise, and internal service funds are presented on pages 81 - 105 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 Net Assets**

The Village's combined net assets decreased by \$1.6 million (0.08%) from the prior year. The following analysis will look at net assets and net expenses of the governmental and business-type activities separately. The total net assets for governmental activities were \$147.3 million, a \$5.1 million (3.4%) decrease. The business-type activities net assets were \$51.2 million, a \$3.5 million (7.35%) increase from 2007. The following table reflects the condensed statement of net assets for the current and prior years (presented in millions):

	<i><b>Govern- mental Activities 2008</b></i>	<i><b>Business- type Activities 2008</b></i>	<i><b>Total 2008</b></i>	<i><b>Govern- mental Activities 2007</b></i>	<i><b>Business- type Activities 2007</b></i>	<i><b>Total 2007</b></i>
Current and other assets	\$ 77.5	\$ 22.3	\$ 99.8	\$ 89.7	\$ 20.0	\$ 109.7
Capital assets	168.8	53.4	222.2	182.1	40.5	222.6
<b>Total assets</b>	<b>246.3</b>	<b>75.7</b>	<b>322.0</b>	<b>271.8</b>	<b>60.5</b>	<b>332.3</b>
Long term liabilities	70.6	22.6	93.2	93.1	10.8	103.9
Other liabilities	28.4	2.0	30.4	26.3	2.1	28.4
<b>Total liabilities</b>	<b>99.0</b>	<b>24.6</b>	<b>123.6</b>	<b>119.4</b>	<b>12.9</b>	<b>132.3</b>
Net assets						
Invested in capital assets, net of related debt	101.6	38.5	140.1	92.4	32.6	125.0
Restricted	21.0	-	21.0	24.3	-	24.3
Unrestricted	24.7	12.6	37.3	35.7	15.0	50.7
<b>Total net assets</b>	<b>\$ 147.3</b>	<b>\$ 51.1</b>	<b>\$ 198.4</b>	<b>\$ 152.4</b>	<b>\$ 47.6</b>	<b>\$ 200.0</b>

For more detailed information see the statement of net assets (page 3).

(See independent auditor's report)

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

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**Normal Impacts on Net Assets**

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

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

**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 invested capital assets and an increase in related net debt, which will not change the invested in capital assets, net of debt.

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

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

**Reduction of Capital Assets through Depreciation** - which will reduce capital assets and invested in capital assets, net of debt.

**Current Year Impacts**

The Village's \$1.6 million decrease of combined net assets (which is the Village's bottom line) was the result of the governmental activities net assets decreasing by \$5.1 million and the business-type activities net assets increasing by \$3.5 million.

The governmental activities total assets decreased by \$25.5 million and the governmental activities total liabilities decrease by \$19.4 million. The decrease in total assets is mainly due to two factors: Capital Assets decreased by \$13.1 million from a restatement due to a change in accounting for storm sewers and their related debt from governmental activities to business-type activities (Sewerage Fund) and Land held for Resale decreased by \$9.3 million as Village owned property was transferred to a developer to facilitate an economic development project. The decrease in governmental activities total liabilities was from a variety of causes. Other liabilities increased by \$2.1 million in part due to a \$0.8 million increase in accrued payroll due to an unsettled labor contract and a \$0.6 million increase in unearned property tax revenue due to an increased tax levy. Long-term liabilities decreased by \$22.5 million due to the restatement in accounting for storm sewers and the related debt noted above for \$8.2 million, \$6.5 million for early redemption of bonds, and \$7.8 million for regular bond principal payments.

The business-type activities total assets increased by \$15.2 million and total liabilities of the business-type activities increased by \$11.7 million. The increase in total assets is due in part to an increase of \$13.1 million from a restatement due to a change in accounting for storm sewers and their related debt from governmental activities to business-type activities (Sewerage Fund) and a \$2.0 million increase in cash and investments due to the issuance of bonds for capital projects in late 2008 that will be paid out in subsequent years. The increase in total liabilities is mainly a product of changes in long-term liabilities that are the result of an increase due to the restatement in accounting for storm sewers and the related debt noted above for \$8.2 million, an

(See independent auditor's report)

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

increase of \$4.6 million in new bonds issued for capital projects, and a decrease of \$1.3 million in regular bond principal payments.

**Changes in Net Assets**

The Village's combined change in net assets decreased by \$8.8 million from the prior year. The Village's total revenues increased by \$7.5 million and the cost of all programs increased by \$19.3 million. The following chart shows the revenue and expenses of the Village's activities (presented in millions):

	<i><b>Govern- mental Activities 2008</b></i>	<i><b>Business- type Activities 2008</b></i>	<i><b>Total 2008</b></i>	<i><b>Govern- mental Activities 2007</b></i>	<i><b>Business- type Activities 2007</b></i>	<i><b>Total 2007</b></i>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 7.1	\$ 14.3	\$ 21.4	\$ 7.2	\$ 14.2	\$ 21.4
Operating grants	2.0	-	2.0	2.2	-	2.2
Capital grants	6.3	-	6.3	0.9	-	0.9
General revenues						
Property and replacement taxes	33.8	-	33.8	30.2	-	30.2
Other taxes	24.2	-	24.2	24.3	-	24.3
Other revenues	1.6	0.4	2.0	2.7	0.5	3.2
Total revenues	75.0	14.7	89.7	67.5	14.7	82.2
<b>Expenses</b>						
Governmental activities						
General government	9.2	-	9.2	9.1	-	9.1
Public safety	31.8	-	31.8	29.5	-	29.5
Public works	13.2	-	13.2	9.0	-	9.0
Economic development	17.2	-	17.2	5.9	-	5.9
Interest & fiscal charges	3.7	-	3.7	4.3	-	4.3
Business-type						
Waterworks	-	6.3	6.3	-	5.9	5.9
Sewerage	-	3.9	3.9	-	2.5	2.5
Refuse collection	-	1.6	1.6	-	1.5	1.5
Motor vehicle parking	-	4.3	4.3	-	4.2	4.2
Total expenses	75.1	16.1	91.2	57.8	14.1	71.9
<b>Change in net assets before transfers</b>	(0.1)	(1.4)	(1.5)	9.7	0.6	10.3
Transfers	-	-	-	0.8	(0.8)	-
<b>Change in net assets</b>	(0.1)	(1.4)	(1.5)	10.5	(0.2)	10.3
<b>Net assets – beginning, restated</b>	147.4	52.5	199.9	141.9	47.8	189.7
<b>Net assets – ending</b>	\$ 147.3	\$ 51.1	\$ 198.4	\$ 152.4	\$ 47.6	\$ 200.0

**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.

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

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**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 Streets and Highways, 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.

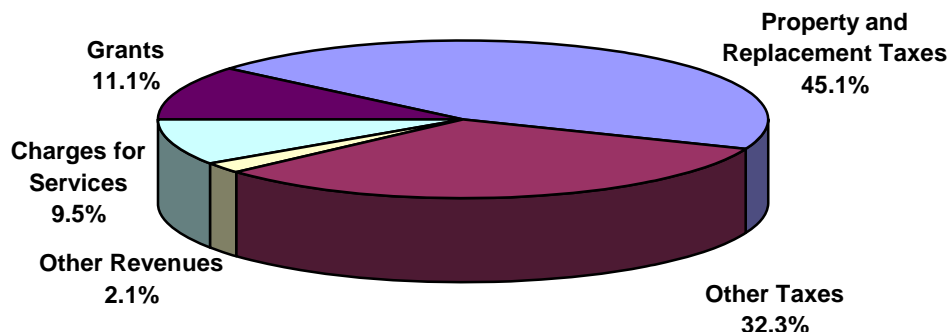
**Inflation** - while overall inflation appears to be reasonably modest, the Village is a major consumer of certain commodities such as supplies, fuels, and parts. Some functions may experience unusual commodity-specific increases.

**Current Year Impacts**

***Governmental Activities***

**Revenues:**

**CY 2008 Governmental Activities - Revenue by Source**



(See independent auditor's report)

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

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For the fiscal year ended December 31, 2008, revenues from Governmental Activities totaled \$75.0 million. During the fiscal year property taxes continue to be the Village's largest revenue source coming in at \$33.8 million and representing 45.1% of total Governmental Activity revenue. Other Taxes consisting mainly of sales tax, food and beverage tax, telecommunications tax, and shared state income tax revenues total \$24.2 million and represent 32.3% of the total Governmental Activity revenue.

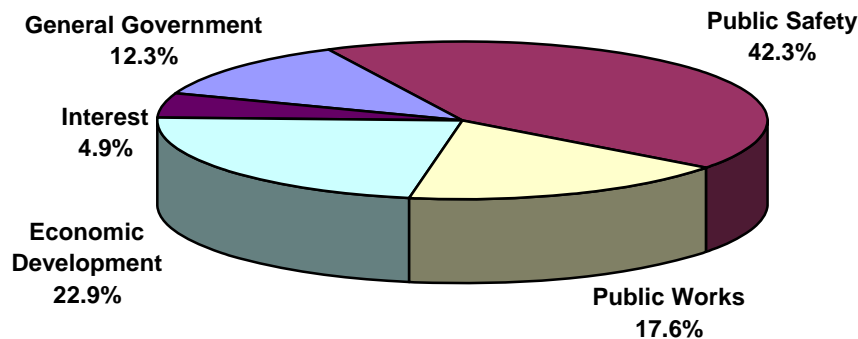
Village sales tax receipts decreased slightly due to adverse economic conditions throughout the country. For CY 2008, sales tax decreased by \$0.5 million (3.9%) from the prior year. An auto dealer is building a new facility in the Rand Road Corridor TIF District. Once this site is developed and in operation, the Village expects to see further increases in its sales tax receipts.

The decrease in sales tax was offset in part by income tax receipts that were higher than the prior calendar year by \$0.4 million (7.0%). The charges for services and operating grants categories remained approximately constant with a slight \$0.2 million decrease. Capital grants increased by \$5.5 million which reflects contributions from residents of Special Service Area #5 for capital improvements.

The property tax receipts increased by \$3.6 million mainly due to the County's delay in issuance of the second installment tax bills for tax year 2006 payable in calendar year 2007. This caused approximately 10 – 15% of the levy that would ordinarily have been received in CY 2007 to be collected over a about the first 3 – 4 months of CY 2008.

### **Expenses**

**CY 2008 Governmental Activities - Expenses by Function**



For the fiscal year ended December 31, 2008, expenses from Governmental Activities totaled \$75.1 million, which represents a \$17.1 million (29.6%) increase over the prior year.

General government expenses show a slight increase of \$0.1 million (1.1%) due to general schedule increases. The public safety expenses experienced a moderate \$2.3 million (7.8%) increase, which was a result of a New Traffic Unit and increased staffing in the call center. Expenses in the public works category increased by \$4.2 million (46%) from the prior year. The creation of Special Service Area #5 that incurred \$2.3 in project expenses was the factor for this increase along with increased spending on capital-type items that did not meet the threshold for capitalization. The \$11.3 million increase in economic development expenses is mainly attributable to the conveyance to a developer of land held for resale in the Rand Road Corridor TIF District.

(See independent auditor's report)

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

***Business-Type Activities***

**Revenues**

Total revenue for the business-type activities experienced no increase in CY 2008. This fiscal year saw an \$0.11 increase (4.66%) in the combined water and sewer rate and a \$0.25 increase (1.3%) in refuse collection rates and no increase in commuter parking lot fees. Even with the aforementioned rate increases, a 143.39 million decrease in water usage resulted in flat revenues for the year.

**Expenses**

Total expenses from business-type activities increased by \$2.0 million (14.2%) as a result of cost increases due to collectively bargained personnel expenses, contractual cost increases, and an increase in maintenance activities in the Waterworks and Sewerage Funds.

**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS**

***Governmental Funds***

At December 31, 2008, the Governmental Funds (as presented on page 6-9) reported a combined fund balance of \$44.3 million, which is a \$16.5 million decrease from the beginning of the year of \$60.8 million. This decrease is mainly attributable to the conveyance of \$11.3 million property to a developer within a TIF District for economic development purposes and an early redemption of debt in the amount of \$6.5 million. Of the total fund balance, \$9.7 million is unreserved indicating availability for continuing Village services. Reserved fund balance of \$34.6 million includes \$5.6 million for advances, \$7.9 million for land held for resale, \$0.3 million for maintenance of roadways, \$10.0 million for special projects, and \$10.7 million for debt service.

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 \$1.1 million (6.0%) from calendar year 2007; whereas, the fund balance for calendar year 2007 showed an increase of \$0.7 million. The net change in fund balance for calendar year 2008 represents a \$1.1 million increase in operations (inclusive of a one-time expense of \$1.6 million to fund the Village's newly created self-insured liability insurance program – internal service fund). Revenues increased by \$1.4 million and expenditures also increased by \$5.8 million, resulting in a \$1.1 million negative outcome from operations as compared to the \$3.3 million positive outcome in the prior year, both before other financing uses (transfers). Net financing uses decreased by \$2.6 million, which had a positive effect on fund balance.

**GENERAL FUND BUDGETARY HIGHLIGHTS  
(presented in millions)**

	<b><i>CY 2008 Original</i></b>	<b><i>CY 2008 Final Budget</i></b>	<b><i>CY 2008 Actual</i></b>	<b><i>CY 2007 Actual</i></b>
Revenues	\$ 47.7	\$ 47.8	\$ 48.0	\$ 46.6
Expenditures	45.6	48.5	49.1	43.3
Excess of revenues over expenditures	2.1	(0.7)	(1.1)	3.3
Other financing sources (uses)	(2.1)	-	-	(2.6)
Net change in fund balance	\$ -	\$ (0.7)	\$ (1.1)	\$ 0.7

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

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Many revenues performed well in the fiscal year and include:

	<i>Calendar Year 2008</i>	<i>Calendar Year 2007</i>	<i>Increase/ (Decrease)</i>
Municipal sales tax	\$ 7.8	\$ 8.3	\$ (0.4)
Home rule sales tax	4.7	4.8	(0.1)
State income tax	6.3	5.9	0.4

The General Fund expenditure budget was amended during the fiscal year to reflect encumbrance items from the prior year and projects deemed necessary during the year. The revenue budget was amended to recognize grants and donations received that were not budgeted.

General Fund actual revenues and actual expenditures were \$0.2 million and \$0.6 million greater than the final budgeted amounts, respectively. A majority of the expenditure budget variance was due to increased snow and ice operations due to the snowier than usual winter.

The Downtown TIF Fund and Rand Corridor TIF Fund each experienced negative net changes in fund balance in the amount of \$1.7 million and \$12.4 million, respectively, as a result of a planned use of resources accumulated in prior years for current year economic development activity. The Tax Increment Revenue Refunding Bond Fund experienced a negative net change in fund balance of \$4.2 million due mainly to a planned early redemption of bonds in the amount of \$6.5 million. The General Obligation Bond Fund essentially operated at a break-even level with a net change in fund balance of \$0.04, based mainly on investment income.

***Proprietary Funds***

At December 31, 2008, the Enterprise Funds' (as presented on pages 12-17) total net assets decreased by \$1.4 million (2.7%). This decrease is primarily due to depreciation of capital assets in the amount of \$2.4 million in the Enterprise Funds.

**CAPITAL ASSETS**

The Village's investment in capital assets for its governmental and business-type activities as of December 31, 2008, amounts to \$222.2 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 net decrease (including additions and deductions) of \$0.4 million. 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 37 – 38.

The governmental activities net capital assets decreased from last year by \$13.2 million. This is attributable to a restatement due to a change in accounting for storm sewers and their related debt from governmental activities to business-type activities (Sewerage Fund). The business-type activities net capital assets decreased by \$12.9 million primarily due to the restatement noted above.

**DEBT OUTSTANDING**

In calendar year 2008, the Village issued General Obligation Bonds Series 2008 in the amount of \$4,585,000.



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

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The Village currently has twenty-four general obligation bond series, one tax increment revenue refunding bond series, and five tax increment revenue limited obligation redevelopment notes outstanding. \$82.4 million of general obligation bonds, \$6.0 million of tax increment revenue refunding bonds, and \$1.5 million of tax increment revenue limited obligation redevelopment notes are outstanding at December 31, 2008. Eleven of the General Obligation bonds (\$48.9 million outstanding at December 31, 2008) were issued for improvements in the Village's various TIF Districts. The issuance of these bonds did not produce fixed assets for the Village; therefore, the unrestricted net assets 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. In calendar year 2008, Moody's Investors Service reaffirmed the Village's AA2 bond rating and Standard and Poor's upgraded the Village's bond rating from AA to AA+ both companies cited the Village's well-managed financial operations, moderate direct debt burden, and aggressive retirement of its general obligation bonds.

Additional information of the Village's long-term debt can be found in the Notes to the Financial Statements on pages 39-50.

**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 continue to rebound 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 2009 budget includes a slight increase in property tax revenues, due to increased pension funding requirements. Sales taxes are projected to decrease slightly due to the assumption that the economy will continue to slow; however, this also takes into account known economic development activities that will produce sales tax. Building permit revenues and planning and inspection fees were projected to decrease due to continued down-turn in the market. State income tax revenue is expected to increase slightly. A combined \$0.20 increase in water and sewer rates were included in the budget, but no increase in refuse fees or 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 decline in investment income throughout the country and the continued expansion of benefits by the State legislature. Expenditures for commodities and other contractual services have been increased slightly by 2.0%. The budget includes economic development projects within the Village's Tax Increment Financing Districts.

**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.

## VILLAGE OF PALATINE, ILLINOIS

## STATEMENT OF NET ASSETS

December 31, 2008

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 33,830,550	\$ 8,981,400	\$ 42,811,950
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	21,471,347	-	21,471,347
Accounts	-	1,450,069	1,450,069
Other	551,998	172,508	724,506
Prepaid expenses	133,395	136,055	269,450
Due from other governments	4,086,777	-	4,086,777
Deferred charges	734,685	88,609	823,294
Inventories	188,596	-	188,596
Land held for resale	7,925,853	-	7,925,853
Advance to fiduciary fund	63,599	-	63,599
Investment in joint venture			
Northwest Water Commission	-	11,523,221	11,523,221
Restricted assets			
Restricted cash and investments	8,429,592	-	8,429,592
Capital assets not being depreciated	142,468,084	4,455,078	146,923,162
Capital assets being depreciated (net of accumulated depreciation)	26,372,547	48,922,046	75,294,593
Total assets	246,257,023	75,728,986	321,986,009
<b>LIABILITIES</b>			
Accounts payable	3,479,569	1,271,563	4,751,132
Accrued payroll	1,252,204	54,385	1,306,589
Accrued interest payable	931,133	58,540	989,673
Due to fiduciary fund	55,236	-	55,236
Deposits payable	990,484	182,806	1,173,290
Claims payable	473,000	-	473,000
Other payables	24,829	-	24,829
Unearned property tax revenue	21,020,000	-	21,020,000
Other deferred revenues	232,863	401,397	634,260
Noncurrent liabilities			
Due within one year	6,923,342	1,496,155	8,419,497
Due in more than one year	63,646,581	21,113,016	84,759,597
Total liabilities	99,029,241	24,577,862	123,607,103
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	101,570,852	38,558,066	140,128,918
Restricted for			
Streets and highways	328,387	-	328,387
Debt service	10,690,591	-	10,690,591
Capital projects	9,985,897	-	9,985,897
Unrestricted	24,652,055	12,593,058	37,245,113
TOTAL NET ASSETS	\$ 147,227,782	\$ 51,151,124	\$ 198,378,906

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2008

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 9,191,571	\$ 4,024,203	\$ -	\$ 176,201
Public safety	31,825,692	2,864,677	209,192	-
Public works	13,227,490	231,618	1,806,916	3,550
Economic development	17,188,453	-	-	6,162,409
Interest and fiscal charges	3,710,426	-	-	-
Total governmental activities	75,143,632	7,120,498	2,016,108	6,342,160
Business-Type Activities				
Waterworks	6,354,122	6,455,168	-	-
Sewerage	3,904,841	2,823,386	-	-
Motor vehicle parking system	1,566,202	663,178	-	-
Refuse collection	4,279,643	4,662,852	-	-
Total business-type activities	16,104,808	14,604,584	-	-
TOTAL PRIMARY GOVERNMENT	\$ 91,248,440	\$ 21,725,082	\$ 2,016,108	\$ 6,342,160

	Net (Expense) Revenue and Change in Net Assets		
	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
	\$ (4,991,167)	\$ -	\$ (4,991,167)
	(28,751,823)	-	(28,751,823)
	(11,185,406)	-	(11,185,406)
	(11,026,044)	-	(11,026,044)
	(3,710,426)	-	(3,710,426)
	(59,664,866)	-	(59,664,866)
	-	101,046	101,046
	-	(1,081,455)	(1,081,455)
	-	(903,024)	(903,024)
	-	383,209	383,209
	-	(1,500,224)	(1,500,224)
	(59,664,866)	(1,500,224)	(61,165,090)
General Revenues			
Taxes			
Property and replacement	33,826,733	-	33,826,733
Sales	7,881,002	-	7,881,002
Home rule sales	4,673,737	-	4,673,737
Use	956,775	-	956,775
Telecommunications	2,870,797	-	2,870,797
Income	6,270,922	-	6,270,922
Food and beverage	1,062,201	-	1,062,201
Other	405,705	-	405,705
Investment income	1,081,574	150,061	1,231,635
Miscellaneous	326,910	-	326,910
Gain on disposal of capital assets	171,738	-	171,738
Total	59,528,094	150,061	59,678,155
CHANGE IN NET ASSETS	(136,772)	(1,350,163)	(1,486,935)
NET ASSETS, JANUARY 1	160,650,582	47,624,642	208,275,224
Prior period adjustment	(13,286,028)	4,876,645	(8,409,383)
NET ASSETS, JANUARY 1, AS RESTATED	147,364,554	52,501,287	199,865,841
NET ASSETS, DECEMBER 31	\$ 147,227,782	\$ 51,151,124	\$ 198,378,906

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2008

	General	Downtown TIF	General Obligation Bond	Tax Increment Revenue Refunding Bond Series of 1998	Rand Road Corridor TIF	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and investments	\$ 10,677,444	\$ 4,660,190	\$ 2,255,353	\$ 2,547	\$ 759,364	\$ 10,357,053	\$ 28,711,951
Restricted cash and investments	84,456	-	-	8,345,136	-	-	8,429,592
Receivables (net, where applicable, of allowances for uncollectibles)							
Property taxes	18,696,914	57,184	2,667,186	46,076	3,987	-	21,471,347
Other	384,847	-	-	-	-	-	384,847
Due from other funds	92,006	-	-	-	-	-	92,006
Due from other governments	3,221,289	-	-	-	-	865,488	4,086,777
Inventories	3,281	-	-	-	-	-	3,281
Land held for resale	-	5,788,986	-	-	2,136,867	-	7,925,853
Advance from other funds	5,532,920	-	-	-	-	-	5,532,920
Advance from fiduciary fund	-	-	-	-	-	63,599	63,599
<b>TOTAL ASSETS</b>	<b>\$ 38,693,157</b>	<b>\$ 10,506,360</b>	<b>\$ 4,922,539</b>	<b>\$ 8,393,759</b>	<b>\$ 2,900,218</b>	<b>\$ 11,286,140</b>	<b>\$ 76,702,173</b>

	General	Downtown TIF	General Obligation Bond	Revenue Refunding Bond Series of 1998	Rand Road Corridor TIF	Nonmajor Governmental Funds	Total Governmental Funds
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 820,624	\$ 76,290	\$ -	\$ -	\$ 1,745,695	\$ 678,730	\$ 3,321,339
Accrued payroll	1,230,304	-	-	-	-	-	1,230,304
Deposits payable	990,484	-	-	-	-	-	990,484
Other payables	24,829	-	-	-	-	-	24,829
Due to fiduciary funds	55,236	-	-	-	-	-	55,236
Deferred property taxes	18,394,293	-	2,625,707	-	-	-	21,020,000
Other deferred revenues	-	-	-	-	-	229,527	229,527
Advance from other funds	-	5,532,920	-	-	-	-	5,532,920
Total liabilities	21,515,770	5,609,210	2,625,707	-	1,745,695	908,257	32,404,639
<b>FUND BALANCES</b>							
Reserved for inventories	3,281	-	-	-	-	-	3,281
Reserved for advances	5,532,920	-	-	-	-	63,599	5,596,519
Reserved for land held for resale	-	5,788,986	-	-	2,136,867	-	7,925,853
Reserved for maintenance of roadways	-	-	-	-	-	328,387	328,387
Reserved for debt service	-	-	2,296,832	8,393,759	-	-	10,690,591
Reserved for special projects	-	-	-	-	-	9,985,897	9,985,897
Unreserved							
Undesignated - General Fund	11,641,186	-	-	-	-	-	11,641,186
Undesignated - Special Revenue Funds	-	(891,836)	-	-	(982,344)	-	(1,874,180)
Total fund balances	17,177,387	4,897,150	2,296,832	8,393,759	1,154,523	10,377,883	44,297,534
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 38,693,157</b>	<b>\$ 10,506,360</b>	<b>\$ 4,922,539</b>	<b>\$ 8,393,759</b>	<b>\$ 2,900,218</b>	<b>\$ 11,286,140</b>	<b>\$ 76,702,173</b>

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

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

December 31, 2008

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FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 44,297,534
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	168,840,631
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(67,329,754)
Issuance costs (deferred charges) are expenditures in governmental funds in the year of issuance but are capitalized and amortized on the statement of net assets	734,685
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 assets	80,345
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 assets	(82,115)
Loss on refundings are reported as reduction of long-term debt on the statement of net assets	61,745
Accrued interest on long-term debt is reported as a liability on the statement of net assets	(931,133)
Compensated absences payable is not due and payable in the current period and, therefore, is not reported in governmental funds	(1,563,531)
Less compensated absences payable reported in internal service funds	54,514
The net assets of the internal service fund are included in the governmental activities in the statement of net assets	4,801,474
The net OPEB obligation is not a current financial resource and, therefore, is not reported in the governmental funds	(325,293)
The net pension obligation is not a current financial resource and, therefore, is not reported in the governmental funds	(1,411,320)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 147,227,782</u>

See accompanying notes to financial statements.

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

For the Year Ended December 31, 2008

	General	Downtown TIF	General Obligation Bond	Tax Increment Revenue Refunding Bond Series of 1998	Rand Road Corridor TIF	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 33,821,916	\$ 5,612,469	\$ 2,600,223	\$ 3,573,439	\$ 3,198,105	\$ 2,870,797	\$ 51,676,949
Licenses and permits	3,088,823	-	-	-	-	-	3,088,823
Intergovernmental	7,537,063	-	-	-	-	1,983,117	9,520,180
Charges for services	1,768,547	-	-	-	-	46,089	1,814,636
Fines and forfeits	1,061,999	-	-	-	-	-	1,061,999
Investment income	493,591	125,655	59,232	273,320	44,419	85,356	1,081,573
Contributions	-	-	-	-	1,230,159	-	1,230,159
Property owner contributions	-	-	-	-	-	4,935,800	4,935,800
Miscellaneous	182,944	41,920	-	-	-	200,139	425,003
Total revenues	47,954,883	5,780,044	2,659,455	3,846,759	4,472,683	10,121,298	74,835,122
<b>EXPENDITURES</b>							
Current							
General government	10,747,502	-	-	-	-	-	10,747,502
Public safety	31,524,578	-	-	-	-	-	31,524,578
Public works	6,849,416	-	-	-	-	1,803,193	8,652,609
Economic development	-	3,292,250	-	-	13,811,285	84,918	17,188,453
Capital outlay	-	-	-	-	-	5,495,697	5,495,697
Debt service							
Principal	-	2,349,337	2,060,070	7,555,000	2,285,739	-	14,250,146
Interest and fiscal charges	-	1,882,470	556,491	486,735	731,901	-	3,657,597
Total expenditures	49,121,496	7,524,057	2,616,561	8,041,735	16,828,925	7,383,808	91,516,582
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,166,613)	(1,744,013)	42,894	(4,194,976)	(12,356,242)	2,737,490	(16,681,460)



	General	Downtown TIF	General Obligation Bond	Revenue Refunding Bond Series of 1998	Rand Road Corridor TIF	Nonmajor Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of capital assets	\$ -	\$ -	\$ -	\$ -		\$ 171,738	\$ 171,738
Transfers (out)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	171,738	171,738
NET CHANGE IN FUND BALANCES	(1,166,613)	(1,744,013)	42,894	(4,194,976)	(12,356,242)	2,909,228	(16,509,722)
FUND BALANCES, JANUARY 1	18,344,000	6,641,163	2,253,938	12,588,735	13,510,765	7,468,655	60,807,256
FUND BALANCES, DECEMBER 31	\$ 17,177,387	\$ 4,897,150	\$ 2,296,832	\$ 8,393,759	\$ 1,154,523	\$ 10,377,883	\$ 44,297,534

See accompanying notes to financial statements.

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, 2008

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (16,509,722)
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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	1,330,423
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	(1,497,663)
The repayment of principal on long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	14,250,146
The amortization of issuance costs on long-term debt is reported as an expense on the statement of activities	(89,785)
The amortization of discount on long-term debt is reported as an expense on the statement of activities	(9,575)
The amortization of premium on long-term debt is reported as revenue on the statement of activities	14,560
The amortization of the loss on refunding on long-term debt is reported as an expense on the statement of activities	(12,350)
The change in the accrual of interest on long-term debt is reported as an expense on the statement of activities	44,321
The change in compensated absences payable is shown as an expense on the statement of activities	64,849
The change in net assets of certain activities of internal service funds is reported in governmental funds on the statement of activities	2,088,889
The change in net OPEB obligation is not a current financial resource and, therefore, is not reported in the governmental funds	(160,395)
The change in net pension obligation is not a current financial resource and, therefore, is not reported in the governmental funds	<u>349,530</u>

CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (136,772)</u></u>
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See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS

December 31, 2008

	Business-Type Activities					Governmental Activities
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service
<b>CURRENT ASSETS</b>						
Cash and investments	\$ 392,535	\$ 5,981,733	\$ 1,085,962	\$ 1,521,170	\$ 8,981,400	\$ 5,118,599
Receivables (net where applicable, of allowances for uncollectibles)						
Accounts	901,970	449,047	-	99,052	1,450,069	-
Other	-	33,665	-	138,843	172,508	167,151
Prepaid expenses	-	-	-	136,055	136,055	133,395
Inventories	-	-	-	-	-	185,315
Deferred charges	35,750	52,859	-	-	88,609	-
<b>Total current assets</b>	<b>1,330,255</b>	<b>6,517,304</b>	<b>1,085,962</b>	<b>1,895,120</b>	<b>10,828,641</b>	<b>5,604,460</b>
<b>NONCURRENT ASSETS</b>						
Capital assets						
Land	740,200	-	2,165,938	-	2,906,138	-
Construction in progress	1,548,940	-	-	-	1,548,940	-
Systems and improvements	22,383,020	54,272,496	15,673,130	-	92,328,646	-
Machinery and equipment	403,885	221,450	-	-	625,335	-
Accumulated depreciation	(11,032,895)	(28,180,080)	(4,818,960)	-	(44,031,935)	-
<b>Net capital assets</b>	<b>14,043,150</b>	<b>26,313,866</b>	<b>13,020,108</b>	<b>-</b>	<b>53,377,124</b>	<b>-</b>
Other assets						
Investment in joint venture Northwest Water Commission	11,523,221	-	-	-	11,523,221	-
<b>Total noncurrent assets</b>	<b>25,566,371</b>	<b>26,313,866</b>	<b>13,020,108</b>	<b>-</b>	<b>64,900,345</b>	<b>-</b>
<b>Total assets</b>	<b>26,896,626</b>	<b>32,831,170</b>	<b>14,106,070</b>	<b>1,895,120</b>	<b>75,728,986</b>	<b>5,604,460</b>

	Business-Type Activities					Governmental Activities
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$ 245,846	\$ 466,231	\$ 109,852	\$ 449,634	\$ 1,271,563	\$ 158,230
Accrued payroll	37,850	16,535	-	-	54,385	21,900
Due to other funds	-	-	-	-	-	92,006
Accrued interest payable	18,690	39,850	-	-	58,540	-
Deposits payable	182,806	-	-	-	182,806	-
Claims payable	-	-	-	-	-	473,000
Deferred revenues	-	258,247	-	143,150	401,397	3,336
Compensated absences payable	14,410	1,945	-	-	16,355	-
General obligation bonds payable	850,270	629,530	-	-	1,479,800	-
Total current liabilities	1,349,872	1,412,338	109,852	592,784	3,464,846	748,472
<b>LONG-TERM LIABILITIES</b>						
Compensated absences payable	57,489	7,700	-	-	65,189	54,514
General obligation bonds payable	8,523,563	12,524,264	-	-	21,047,827	-
Total long-term liabilities	8,581,052	12,531,964	-	-	21,113,016	54,514
Total liabilities	9,930,924	13,944,302	109,852	592,784	24,577,862	802,986
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	7,711,880	17,826,078	13,020,108	-	38,558,066	-
Unrestricted	9,253,822	1,060,790	976,110	1,302,336	12,593,058	4,801,474
TOTAL NET ASSETS	\$ 16,965,702	\$ 18,886,868	\$ 13,996,218	\$ 1,302,336	\$ 51,151,124	\$ 4,801,474

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2008

	Business-Type Activities					Governmental Activities
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service
OPERATING REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160,306
Charges for services	6,125,068	2,828,724	644,367	4,518,301	14,116,460	10,102,379
Miscellaneous	35,977	(5,338)	18,811	144,551	194,001	80,850
Total operating revenues	6,161,045	2,823,386	663,178	4,662,852	14,310,461	10,343,535
OPERATING EXPENSES EXCLUDING DEPRECIATION						
Costs of sales and services	5,233,544	2,354,758	792,542	4,279,643	12,660,487	8,310,281
Total operating expenses excluding depreciation	5,233,544	2,354,758	792,542	4,279,643	12,660,487	8,310,281
OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	927,501	468,628	(129,364)	383,209	1,649,974	2,033,254
DEPRECIATION AND AMORTIZATION	535,300	1,116,235	773,660	-	2,425,195	-
OPERATING INCOME (LOSS)	392,201	(647,607)	(903,024)	383,209	(775,221)	2,033,254
NONOPERATING REVENUES (EXPENSES)						
Investment income	47,911	49,669	20,593	31,888	150,061	55,635
Loss on disposal of capital assets	(47,610)	(12,640)	-	-	(60,250)	-
Interest expense	(537,668)	(421,208)	-	-	(958,876)	-
Income from joint venture	294,123	-	-	-	294,123	-
Total nonoperating revenues (expenses)	(243,244)	(384,179)	20,593	31,888	(574,942)	55,635
NET INCOME (LOSS) BEFORE TRANSFERS	148,957	(1,031,786)	(882,431)	415,097	(1,350,163)	2,088,889

	Business-Type Activities					Governmental Activities
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service
TRANSFERS						
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total transfers	-	-	-	-	-	-
CHANGE IN NET ASSETS	148,957	(1,031,786)	(882,431)	415,097	(1,350,163)	2,088,889
NET ASSETS, JANUARY 1	16,816,745	15,042,009	14,878,649	887,239	47,624,642	2,712,585
Prior period adjustment	-	4,876,645	-	-	4,876,645	-
NET ASSETS, JANUARY 1, AS RESTATED	16,816,745	19,918,654	14,878,649	887,239	52,501,287	2,712,585
NET ASSETS, DECEMBER 31	\$ 16,965,702	\$ 18,886,868	\$ 13,996,218	\$ 1,302,336	\$ 51,151,124	\$ 4,801,474

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended December 31, 2008

	Business-Type Activities				Governmental Activities
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 6,176,829	\$ 2,830,403	\$ 663,178	\$ 4,684,719	\$ 14,355,129
Receipts from interfund services transactions	-	-	-	-	10,235,270
Payments to suppliers	(4,566,678)	(1,553,496)	(781,623)	(4,477,423)	(7,652,225)
Payments to employees	(1,010,287)	(396,863)	-	-	(1,407,150)
					(488,018)
Net cash from operating activities	599,864	880,044	(118,445)	207,296	1,568,759
					2,095,027
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Income from joint venture	8,493	-	-	-	8,493
Transfers in	-	-	-	-	-
					92,006
Net cash from noncapital financing activities	8,493	-	-	-	8,493
					92,006
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital assets purchased	(1,327,755)	(856,836)	-	-	(2,184,591)
Principal payments on long-term debt	(537,368)	(481,050)	-	-	(1,018,418)
Interest paid on long-term debt	(536,332)	(402,703)	-	-	(939,035)
Gain (loss) from sale of capital assets	(47,610)	-	-	-	(47,610)
Proceeds from issuance of long-term debt	-	4,559,836	-	-	4,559,836
Payment of bond issuance costs	-	(50,550)	-	-	(50,550)
Net cash from capital and related financing activities	(2,449,065)	2,768,697	-	-	319,632
					-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	47,911	49,669	20,593	31,888	150,061
					55,635
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,792,797)	3,698,410	(97,852)	239,184	2,046,945
					2,242,668
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	2,185,332	2,283,323	1,183,814	1,281,986	6,934,455
					2,875,931
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	\$ 392,535	\$ 5,981,733	\$ 1,085,962	\$ 1,521,170	\$ 8,981,400
					\$ 5,118,599

	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)	\$ 392,201	\$ (647,607)	\$ (903,024)	\$ 383,209	\$ (775,221)	\$ 2,033,254
Adjustments to reconcile operating income (loss) to net cash from operating activities						
Depreciation	535,300	1,116,235	773,660	-	2,425,195	-
(Increase) decrease in						
Accounts receivables	15,784	20,113	-	(22,590)	13,307	-
Other receivables	-	(13,096)	-	48,227	35,131	(108,893)
Prepaid expenses	-	-	-	1,170	1,170	(65,135)
Inventories	-	-	-	-	-	(17,714)
Increase (decrease) in						
Accounts payable	(360,747)	390,543	10,919	(198,950)	(158,235)	55,264
Accrued payroll	19,650	10,040	-	-	29,690	12,690
Deferred revenues	-	-	-	-	-	628
Claims payable	-	-	-	-	-	173,000
Deposits payable	(15,931)	-	-	-	(15,931)	-
Deferred revenues	-	969	-	(3,770)	(2,801)	-
Compensated absences payable	13,607	2,847	-	-	16,454	11,933
NET CASH FROM OPERATING ACTIVITIES	\$ 599,864	\$ 880,044	\$ (118,445)	\$ 207,296	\$ 1,568,759	\$ 2,095,027

See accompanying notes to financial statements.



VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

December 31, 2008

	Pension Trust	Agency
<hr/>		
ASSETS		
Cash and cash equivalents	\$ 3,096,561	\$ 724,748
Investments		
U.S. Treasury securities	25,107,220	-
U.S. agency securities	18,850,418	-
Money market mutual funds	2,125,681	
Insurance contracts	1,211,406	-
Mutual funds	19,462,667	-
Receivables		
Property taxes	-	603,910
Accrued interest	345,482	-
Due from primary government	55,236	-
Advance to other funds	-	63,599
	<hr/>	
Total assets	70,254,671	\$ 1,392,257
	<hr/>	
LIABILITIES		
Other liabilities	-	\$ 603,664
Due to bondholders	-	724,994
Advances from other funds	-	63,599
	<hr/>	
Total liabilities	-	\$ 1,392,257
	<hr/>	
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 70,254,671</u>	

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

For the Year Ended December 31, 2008

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ADDITIONS

Contributions	
Employer	\$ 3,265,247
Employee	<u>1,631,260</u>
Total contributions	<u>4,896,507</u>
Investment income	
Net appreciation (depreciation) in fair value of investments	(10,118,738)
Interest	<u>1,895,916</u>
Total investment income (loss)	(8,222,822)
Less investment expense	<u>(341,352)</u>
Net investment income (loss)	<u>(8,564,174)</u>
Total additions	<u>(3,667,667)</u>

DEDUCTIONS

Administration	33,572
Benefits	3,866,398
Refunds of benefits	<u>48,316</u>
Total deductions	<u>3,948,286</u>

NET INCREASE (DECREASE) (7,615,953)

NET ASSETS HELD IN TRUST  
FOR PENSION BENEFITS

January 1	<u>77,870,624</u>
December 31	<u>\$ 70,254,671</u>

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

December 31, 2008

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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 no component units that are required to be included in the financial statements of the Village.

The Village's financial statements include two pension trust funds.

Police Pension Employees Retirement System

The Village's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's Mayor, one elected pension beneficiary and two elected police employees constitute the pension board. The Village and PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, the 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, the PPERS is reported as a pension trust fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Firefighters' Pension Employees Retirement System

The Village's sworn firefighters participate in the Firefighters' Pension Employees Retirement System (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 and FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, the 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 police employees and because of the fiduciary nature of such activities, the FPERS is reported as a pension trust fund. The FPERS does not issue a stand alone financial report.

Joint Ventures

Northwest Water Commission (NWWC)

NWWC 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 NWWC beyond its representation on the Board of Directors. NWWC 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 nonequity proprietary joint venture.

b. Fund Accounting

The Village uses fund accounting funds 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. The minimum number of funds are 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 earmarked monies (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). Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Village has chosen to apply all GASB pronouncements as well as those FASB pronouncements issued on or before November 30, 1989.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments or on behalf of other funds within the government. The Village utilizes pension trust funds (for its Police and Firefighters' Pension Funds) and agency funds (for its Special Service Areas 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 assets 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.

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 required to be 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 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 Tax Increment Revenue Refunding Bond Series of 1998 Fund accounts for the accumulation of resources and payment of the principal and interest of the Village's TIF revenue bonds and TIF notes. Financing is provided by incremental property tax revenue.

The Rand Road Corridor TIF Fund accounts for development and debt 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.

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.

Additionally, the Village reports the following proprietary fund:

Internal Service Funds account for the Village's self-insurance program and the provision of garage 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 an agency 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. Agency funds use the accrual basis of accounting but have no measurement focus. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. 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.

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 state 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/deferred revenue on its financial statements. Unearned/deferred revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unearned/deferred revenues also arise 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 for unearned/deferred revenue is removed from the financial statements and revenue is recognized.



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 one year or greater at the time of purchase and all investments of the pension funds are stated at fair value except for nonnegotiable certificates of deposit which are recorded at cost. Fair value has been based on quoted market prices at December 31 for debt and equity securities and contract values for insurance contracts. Investments in Illinois Funds, a money market pool created by the Illinois State Legislature under the control of the Illinois State Treasurer, are reported at \$1 per share value, which equals the Village's fair value of the pool.

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 to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account 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. Restricted Assets

Restricted assets in governmental activities/funds include cash and investments in the debt service funds restricted for tax increment financing debt repayment.

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Deferred Charges

Deferred charges in the governmental activities in the government-wide financial statements represents bond issuance costs which are being amortized over the life of the bonds.

j. 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.

k. Land Held for Resale

Land held for resale is valued at the lower of cost or market. Reported land held for resale is equally offset by a fund balance reserve, which indicates that it does not constitute available spendable resources. The land held consists of numerous parcels within the Downtown TIF District that the Village owns and is holding until sold. It is anticipated that these parcels will be sold in 2009.

l. Capital Assets

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

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

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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.

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

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

m. Compensated Absences

Vested or accumulated vacation leave that is owed to retirees or terminated employees is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements. Vested or accumulated vacation leave of proprietary funds at both levels and governmental activities at the government-wide level is recorded as an expense and liability as the benefits accrue to employees.

n. Rebatable Arbitrage

The Village reports rebatable arbitrage as a reduction of revenue. As of December 31, 2008, 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.

o. 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, as well as issuance costs and refunding losses, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium, discount or refunding losses. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Long-Term Obligations (Continued)

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.

p. Fund Balance/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. None of the Village's net assets are restricted as a result of enabling legislation adopted by the Village. Invested in capital assets, net of related debt, represents the book value of capital assets less any long-term debt principal outstanding issued to construct capital assets.

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.

## 2. DEPOSITS AND INVESTMENTS

### a. Village Investments

The Village's investment policy authorizes the Village to invest in all investments allowed by Illinois Compiled Statutes. These include 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 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 and Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value). 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 institutions 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 market value of the funds secured, with the collateral held by the Village, an independent third party or the Federal Reserve Bank of Chicago.

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

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village Investments (Continued)

Deposits with Financial Institutions (Continued)

The following table presents the investments and maturities of the Village's debt securities as of December 31, 2008:

Investment Type	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	Greater than 10
US Treasury obligations	\$ 5,736,215	\$ 5,736,215	\$ -	\$ -	\$ -
Money market mutual funds	8,803,046	6,194,125	2,608,921	-	-
Illinois Funds	30,468,138	30,468,138	-	-	-
<b>TOTAL</b>	<b>\$ 45,007,399</b>	<b>\$ 42,398,478</b>	<b>\$ 2,608,921</b>	<b>\$ -</b>	<b>\$ -</b>

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. Illinois Funds is rated AAA. Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the state to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, the price for which the investment could be sold. The money market mutual funds are rated AAA.

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 basis with the underlying investments held in a custodial account with the trust department of an approved financial institution. Illinois Funds is not subject to custodial credit risk.

Concentration of credit risk is the risk that the Village has a high percentage of their investments invested in one type of investment. At December 31, 2008, the Village had greater than 5% of its overall portfolio invested in money market mutual funds and U.S. Treasury obligations. The Village's investment policy requires diversification of investment to avoid unreasonable risk but only has set percentage limits on investments by institution.

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

2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Fund Investments

The Police Pension Fund's investment policy authorizes the Police Pension Fund to invest in all investments allowed by Illinois Compiled Statutes. These include deposits/investments in insured commercial banks, savings and loan institutions, interest-bearing obligations of the U.S. Treasury and U.S. agencies, interest-bearing bonds of the State of Illinois or any county, township or municipal corporation of the State of Illinois, direct obligations of the State of Israel, money market mutual funds whose investments consist of obligations of the U.S. Treasury or U.S. agencies, separate accounts managed by life insurance companies, mutual funds, common and preferred stock and Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value).

It is the policy of the Police Pension Fund to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the cash flow demands of the Police Pension Fund 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, rate of return, public trust and liquidity.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Police Pension Fund's deposits may not be returned to it.

The Police Pension Fund policy does not require collateralization. However, all deposits at December 31, 2008 are covered by Federal Depository Insurance.

Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of December 31, 2008:

Investment Type	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 11,362,498	\$ 1,130,459	\$ 1,871,346	\$ 655,147	\$ 7,705,546
U.S. agency obligations	8,363,539	116,218	1,851,223	1,351,614	5,044,484
Money market mutual funds	1,022,302	1,022,302	-	-	-
Guaranteed contracts investment	1,211,406	-	-	-	1,211,406
Illinois Funds	1,895,574	1,895,574	-	-	-
TOTAL	\$ 23,855,319	\$ 4,164,553	\$ 3,722,569	\$ 2,006,761	\$ 13,961,436

2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Fund Investments (Continued)

Investments (Continued)

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

The Police Pension Fund 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 U.S. Treasury obligations and other obligations which are rated in the top three classes by a national rating agency. Illinois Funds and the money market mutual funds are rated AAA. The U.S. agency obligations, for those rated, range in rating from AAA to AA -.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Police Pension Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment basis with the underlying investments held in a custodial account with the trust department of an approved financial institution. Illinois Funds is not subject to custodial credit risk.

Concentration of credit risk is the risk that the Police Pension Fund has a high percentage of their investments invested in one type of investment. The Police Pension Fund's investment policy requires diversification of investment to avoid unreasonable risk. Investments in domestic and non-U.S. equity securities should be in the 25%-35% and 0%-5% ranges, respectively. Fixed income securities should comprise 60%-75% of investments. Cash holdings should be 0%-1%. All investments fall within their acceptable ranges at December 31, 2008. At December 31, 2008, the Police Pension Fund had greater than 5% of its overall portfolio invested in U.S. Treasury obligations and mutual funds which is in accordance with the Police Pension Fund's investment policy.



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

2. DEPOSITS AND INVESTMENTS (Continued)

c. Firefighters' Pension Fund Investments

The Firefighters' Pension Fund's investment policy authorizes the Firefighters' Pension Fund to invest in all investments allowed by Illinois Compiled Statutes. These include deposits/investments in insured commercial banks, savings and loan institutions, interest-bearing obligations of the U.S. Treasury and U.S. agencies, interest-bearing bonds of the State of Illinois or any county, township or municipal corporation of the State of Illinois, direct obligations of the State of Israel, money market mutual funds whose investments consist of obligations of the U.S. Treasury or U.S. agencies, separate accounts managed by life insurance companies, mutual funds, common and preferred stock and Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value).

It is the policy of the Firefighters' Pension Fund to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the cash flow demands of the Firefighters' Pension Fund 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, rate of return, public trust and liquidity.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Firefighters' Pension Fund's deposits may not be returned to it.

The Firefighters' Pension Fund policy does not require collateralization. However, all deposits at December 31, 2008 are covered by Federal Depository Insurance.

Investments

The following table presents the investments and maturities of the Firefighters' Pension Fund's debt securities as of December 31, 2008:

Investment Type	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 13,744,722	\$ -	\$ 13,744,722	\$ -	\$ -
U.S. agency obligations	10,486,879	1,000,680	9,443,372	15,013	27,814
Money market mutual funds	1,103,380	1,103,380	-	-	-
Illinois Funds	1,192,743	1,192,743	-	-	-
<b>TOTAL</b>	<b>\$ 26,527,724</b>	<b>\$ 3,296,803</b>	<b>\$ 23,188,094</b>	<b>\$ 15,013</b>	<b>\$ 27,814</b>

2. DEPOSITS AND INVESTMENTS (Continued)

c. Firefighters' Pension Fund Investments (Continued)

Investments (Continued)

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

The Firefighters' Pension Fund 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 U.S. Treasury obligations and other obligations which are rated in the top three classes by a national rating agency. Illinois Funds and the equity securities are rated AAA. The U.S. agency obligations, for those rated, range in rating from AAA to AA-.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Firefighters' Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Firefighters' Pension Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment basis with the underlying investments held in a custodial account with the trust department of an approved financial institution. Illinois Funds is not subject to custodial credit risk.

Concentration of credit risk is the risk that the Firefighters' Pension Fund has a high percentage of their investments invested in one type of investment. The Firefighters' Pension Fund's investment policy requires diversification of investment to avoid unreasonable risk. Investments in domestic and non-U.S. equity securities should be in the 25%-35% and 0%-5% ranges, respectively. Fixed income securities should comprise 60%-75% of investments. Cash holdings should be 0%-1%. All investments fall within their acceptable ranges at December 31, 2008. At December 31, 2008, the Firefighters' Pension Fund had greater than 5% of its overall portfolio invested in U.S. agency obligations, U.S. Treasury obligations, and mutual funds which is in accordance with the Firefighters' Pension Fund's investment policy.

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

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3. RECEIVABLES

a. Taxes

Property taxes for 2008 attach as an enforceable lien on January 1, 2008, 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, 2009 and August 1, 2009 and are payable in two installments, on or about March 1, 2009 and September 1, 2009. 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 2008 tax levy has been recorded as unearned revenue on the financial statements.

b. Other Receivables

At December 31, 2008, the Village had other receivables as follows:

GOVERNMENTAL ACTIVITIES

Quarterly highway maintenance	\$ 29,867
Hotel occupancy tax	17,506
Insurance reimbursement	167,151
Ambulance service and fees	52,845
Cable franchise fees	105,670
Food and beverage tax	104,487
Employee computer loan	481
Other	31,130
RedSpeed red light	42,861

Total governmental activities	<u>551,998</u>
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BUSINESS-TYPE ACTIVITIES

Disposal fees	137,810
Sewer loan program	33,665
Grants	1,033

Total business-type activities	<u>172,508</u>
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TOTAL OTHER RECEIVABLES	<u><u>\$ 724,506</u></u>
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VILLAGE OF PALATINE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

3. RECEIVABLES (Continued)

c. Due from Other Governments

At December 31, 2008, the Village had amounts due from other governments as follows:

State sales tax	\$ 2,483,589
Grants	85,593
Court fines	115,562
Other State sources	246,979
Motor fuel tax allotments	160,894
Telecommunications tax	704,594
Income tax	289,566
	<hr/>
TOTAL DUE FROM OTHER GOVERNMENTS	<u>\$ 4,086,777</u>

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 was as follows:

	Beginning Balance, as Restated	Increases	Decreases	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 2,967,075	\$ 18,382	\$ -	\$ 2,985,457
Land right of way	139,482,627	-	-	139,482,627
Total capital assets not being depreciated	142,449,702	18,382	-	142,468,084
Capital assets being depreciated				
Buildings and improvements	15,744,677	1,438	-	15,746,115
Machinery and equipment	7,059,662	982,007	147,575	7,894,094
Streets	24,008,577	328,596	-	24,337,173
Bridges	1,596,735	-	-	1,596,735
Total capital assets being depreciated	48,409,651	1,312,041	147,575	49,574,117
Less accumulated depreciation for				
Buildings and improvements	5,460,875	509,500	-	5,970,375
Machinery and equipment	4,720,680	461,315	147,575	5,034,420
Streets	11,071,317	494,843	-	11,566,160
Bridges	598,610	32,005	-	630,615
Total accumulated depreciation	21,851,482	1,497,663	147,575	23,201,570
Total capital assets being depreciated, net	26,558,169	(185,622)	-	26,372,547
<b>GOVERNMENTAL ACTIVITIES</b>				
CAPITAL ASSETS, NET	<u>\$ 169,007,871</u>	<u>\$ (167,240)</u>	<u>\$ -</u>	<u>\$ 168,840,631</u>

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

4. CAPITAL ASSETS (Continued)

	Beginning Balance, as Restated	Increases	Decreases	Ending Balance
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 2,906,138	\$ -	\$ -	\$ 2,906,138
Construction in progress	661,210	887,730	-	1,548,940
Total capital assets not being depreciated	3,567,348	887,730	-	4,455,078
Capital assets being depreciated				
Equipment	651,830	-	26,495	625,335
Water system	21,964,645	487,635	69,260	22,383,020
Sewer system	53,437,760	856,836	22,100	54,272,496
Parking improvements	15,673,130	-	-	15,673,130
Total capital assets being depreciated	91,727,365	1,344,471	117,855	92,953,981
Less accumulated depreciation for				
Equipment	360,070	75,960	26,495	409,535
Water system	10,236,890	481,490	21,650	10,696,730
Sewer system	27,022,085	1,094,085	9,460	28,106,710
Parking improvements	4,045,300	773,660	-	4,818,960
Total accumulated depreciation	41,664,345	2,425,195	57,605	44,031,935
Total capital assets being depreciated, net	50,063,020	(1,080,724)	60,250	48,922,046
<b>BUSINESS-TYPE ACTIVITIES</b>				
CAPITAL ASSETS, NET	\$ 53,630,368	\$ (192,994)	\$ 60,250	\$ 53,377,124

The Sewer System beginning asset balance was restated by \$28,726,850. The Water System beginning accumulated depreciation balance was restated by \$15,605,720. These restatements are due to change in Village policy to change the accounting for the stormwater sewer system from governmental to business-type activities.

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

<b>GOVERNMENTAL ACTIVITIES</b>	
General government	\$ 159,200
Public works	907,203
Public safety	431,260
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 1,497,663</b>

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

5. LONG-TERM DEBT

a. General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds currently outstanding at December 31, 2008 are as follows:

Issue	Fund Debt Retired By	Balances January 1	Issuances	Retirements / Refundings	Balances December 31	Current Portion
General Obligation Bond Series of 1989 Capital Appreciation Bonds (dated December 1, 1989; maturing January 1, 2016; original issue \$1,142,790; interest rate 7.10%; principal payable on January 1, 2014, 2015, 2016).	Water (1)	\$ 3,862,110	\$ 278,188	\$ -	\$ 4,140,298	\$ -
	Sewer (1)	158,484	11,415	-	169,899	-
General Obligation Bond, Series 1999 (dated January 1, 1999; maturing December 1, 2015; original issue \$6,915,000; interest rates 3.75% to 4.10%; principal payable annually on December 1).	Water	672,320	-	66,410	605,910	69,080
	Sewer	193,100	-	18,510	174,590	19,250
	Debt Service	1,819,580	-	180,080	1,639,500	186,670
General Obligation Bond, Series 1999A (dated December 1, 1999; maturing December 1, 2013; original issue \$3,085,000; interest rate 5.15%; principal payable annually on December 1, 2012 - 2013).	Water	108,760	-	-	108,760	-
	Sewer	31,700	-	-	31,700	-
	Debt Service	294,540	-	-	294,540	-
General Obligation Bond, Series 2000 (dated January 1, 2000; maturing December 1, 2011; original issue \$21,065,000; interest rates 4.75% to 5.10%; principal payable annually on December 1).	Water	2,005,000	-	462,500	1,542,500	487,500
	Sewer	92,720	-	21,500	71,220	22,570
	Debt Service	5,922,280	-	1,366,000	4,556,280	1,439,930

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

5. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

Issue	Fund Debt Retired By	Balances January 1	Issuances	Retirements / Refundings	Balances December 31	Current Portion
General Obligation Bond, Series 2000B (dated December 1, 2000; maturing December 1, 2015; original issue \$1,965,000; interest rates 4.625% to 5.250%; principal payable annually on December 1).	Water	\$ 311,200	\$ -	\$ 27,470	\$ 283,730	\$ 29,980
	Sewer	181,240	-	16,700	164,540	17,730
	Debt Service	752,560	-	65,830	686,730	72,290
General Obligation Bond, Series 2001 (dated December 1, 2001; maturing December 1, 2016; original issue \$14,565,000; interest rates 4.50% to 5.00%; principal payable annually on December 1, 2009 - 2016).	Downtown TIF	14,565,000	-	-	14,565,000	640,000
General Obligation Bond, Taxable Series 2001 (dated July 1, 2001; maturing December 1, 2009; original issue \$3,205,000; interest rate 5.60%; principal payable annually on December 1, 2005 - 2009).	Downtown TIF	1,755,000	-	1,025,000	730,000	730,000
General Obligation Bond, Series 2002 (dated July 1, 2002; maturing December 1, 2022; original issue \$10,000,000; interest rates 4.05% to 5.50%; principal payable annually on December 1).	Sewer	8,215,000	-	400,000	7,815,000	415,000
Taxable General Obligation Refunding Bond Series of 2003 (dated January 1, 2003; maturing December 1, 2012; original issue \$2,975,000; interest rate 2.85% to 4.90%; principal payable annually on December 1, 2005 - 2012).	Downtown TIF	1,975,000	-	360,000	1,615,000	375,000

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

5. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

Issue	Fund Debt Retired By	Balances January 1	Issuances	Retirements / Refundings	Balances December 31	Current Portion
General Obligation Refunding Bond, Series 2003 (dated October 1, 2003; maturing December 1, 2013; original issue \$4,625,000; interest rates 2.00% to 3.30%; principal payable annually on December 1).	Water	\$ 731,260	\$ -	\$ 125,000	\$ 606,260	\$ 131,200
	Sewer	156,260	-	22,350	133,910	22,980
	Debt Service	2,037,480	-	352,650	1,684,830	370,820
General Obligation Tax Increment Bond Series of 2003 (dated October 30, 2003; maturing December 1, 2013; original issue \$990,000; interest rate 3.41%; principal payable semi-annually on June 1 and December 1).	Downtown TIF	692,853	-	105,939	586,914	109,582
General Obligation Bond, Series 2004 (dated March 1, 2004; maturing December 1, 2017; original issue \$1,900,000; interest rates 2.50% to 3.875%; principal payable annually on December 1).	Downtown TIF	1,600,000	-	150,000	1,450,000	150,000
General Obligation Bond, Taxable Series 2004A (dated March 1, 2004; maturing December 1, 2022; original issue \$7,500,000; interest rates 4.125% to 5.20%; principal payable annually on December 1).	Downtown TIF	6,885,000	-	325,000	6,560,000	340,000
General Obligation Bond, Taxable Series 2004B (dated March 1, 2004; maturing December 1, 2008; original issue \$3,025,000; interest rates 2.375% to 3.25%; principal payable annually on December 1).	Rand Road Corridor TIF	1,300,000	-	1,300,000	-	-



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

5. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

Issue	Fund Debt Retired By	Balances January 1	Issuances	Retirements / Refundings	Balances December 31	Current Portion
\$440,000 Equipment Bond Series 2004 (dated March 1, 2004; maturing December 1, 2009; original issue \$440,000; interest rate 2.50%; principal payable annually on December 1).	Debt Service	\$ 180,000	\$ -	\$ 90,000	\$ 90,000	\$ 90,000
General Obligation Refunding Bond, Series 2004C (dated December 30, 2004; maturing December 1, 2012; original issue \$2,250,000; interest rates 2.50% to 4.00%; principal payable annually on December 1).	Water	463,750	-	1,250	462,500	1,250
	Sewer	23,400	-	620	22,780	620
	Debt Service	1,367,850	-	3,130	1,364,720	3,130
General Obligation Refunding Bond, Series 2004D (dated December 30, 2004; maturing December 1, 2020; original issue \$5,080,000; interest rates 3.00% to 4.00%; principal payable annually on December 1).	Downtown TIF	4,970,000	-	35,000	4,935,000	35,000
General Obligation Refunding Bond, Series 2005 (dated December 30, 2004; maturing December 1, 2012; original issue \$2,250,000; interest rates 2.50% to 4.00%; principal payable annually on December 1).	Water	213,770	-	1,250	212,520	1,260
	Sewer	11,030	-	1,370	9,660	1,380
	Debt Service	630,200	-	2,380	627,820	2,360
General Obligation Bond, Series 2007A (dated May 15, 2007; maturing December 1, 2017; original issue \$365,000; interest rate 4.00%; principal payable annually on December 1).	Downtown TIF	365,000	-	-	365,000	-

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

5. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

Issue	Fund Debt Retired By	Balances January 1	Issuances	Retirements / Refundings	Balances December 31	Current Portion
General Obligation Bond, Taxable Series 2007B (dated May 15, 2007; maturing December 1, 2022; original issue \$7,335,000; interest rate 4.00%; principal payable annually on December 1).	Downtown TIF	\$ 7,335,000	\$ -	\$ 340,000	\$ 6,995,000	\$ 355,000
General Obligation Bond, Series 2007C (dated May 15, 2007; maturing December 1, 2021; original issue \$1,215,000; interest rate 4.00%; principal payable annually on December 1).	Rand Road Corridor TIF	1,215,000	-	-	1,215,000	-
General Obligation Bond, Taxable Series 2007D (dated May 15, 2007; maturing December 1, 2026; original issue \$9,885,000; interest rate 4.00%; principal payable annually on December 1).	Rand Road Corridor TIF	9,885,000	-	-	9,885,000	350,000
General Obligation Bond, Series 2007E (dated May 15, 2007; maturing December 1, 2026; original issue \$1,520,000; interest rate 4.00%; principal payable annually on December 1).	Water	1,520,000	-	130,000	1,390,000	130,000
General Obligation Bond, Series 2008 (dated December 1, 2008; maturing December 1, 2028; original issue \$4,585,000; interest rate 3.375% to 4.625%; principal payable annually on December 1).	Sewer	-	4,585,000	-	4,585,000	130,000
		\$84,498,447	\$ 4,874,603	\$ 6,995,939	\$ 82,377,111	\$ 6,729,582

- (1) These bonds are capital appreciation bonds. The amount shown in the "Issuances" column includes \$289,603 of increase in the accreted value of the bonds during the fiscal year ended December 31, 2008. The carrying value of the accreted bonds is \$4,310,197 at December 31, 2008.

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

5. LONG-TERM DEBT (Continued)

b. Tax Increment Financing Revenue Bonds and Notes

The Village also issues bonds where the Village pledges incremental property tax income derived from a separately created tax increment financing district. These bonds and notes are not obligations of the Village and are secured only by the incremental property tax revenues generated by the district. Tax increment financing bonds and notes currently outstanding are as follows:

Issue	Fund Debt Retired By	Balances January 1	Additions	Reductions/ Refundings	Balances December 31	Current Portion
TIF Revenue Refunding Bond Series of 1998 (dated June 30, 1998; maturing January 1, 2017; original issue \$24,290,000; interest rate 3.95% to 6.00%; principal payable annually on January 1).	Rand/ Dundee Special Tax Allocation	\$ 13,550,000	\$ -	\$ 7,555,000	\$ 5,995,000	\$ 1,360,000
Subordinated Limited Obligation Redevelopment Note Series 1998A (dated November 23, 1998; maturing July 31, 2014; original issue \$380,000; interest rate 7.0%; principal payable on July 31, 2014).	Rand/ Dundee Special Tax Allocation	380,000	-	-	380,000	-
Subordinated Limited Obligation Redevelopment Note Series 2000A (dated August 14, 2000; maturing July 24, 2018; original issue \$100,000; interest rate 7.0%; principal payable on July 24, 2018).	Rand/ Dundee Special Tax Allocation	100,000	-	-	100,000	-
Limited Obligation Redevelopment Note Series 2006A (dated April 3, 2006; maturing December 31, 2026; original issue \$3,500,000; interest rate 4.0%; principal payable on December 31, 2026).	Rand Road Corridor TIF	1,499,664	-	985,739	513,925	-

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

5. LONG-TERM DEBT (Continued)

b. Tax Increment Financing Revenue Bonds and Notes (Continued)

Issue	Fund Debt Retired By	Balances January 1	Additions	Reductions/ Refundings	Balances December 31	Current Portion
Limited Obligation Redevelopment Note Series 2006B (dated April 3, 2006; maturing July 31, 2014; original issue \$190,000; interest rate 4.0%; principal payable on January 31, 2022).	Downtown Tax Allocation	\$ 165,793	\$ -	\$ 8,398	\$ 157,395	\$ -
Subordinated Limited Obligation Redevelopment Note Series 2006A (dated October 16, 2006; maturing July 31, 2014; original issue \$337,100; interest rate 7.0%; principal payable on July 31, 2014).	Rand/ Dundee Special Tax Allocation	337,100	-	-	337,100	-
		<u>\$ 16,032,557</u>	<u>\$ -</u>	<u>\$ 8,549,137</u>	<u>\$ 7,483,420</u>	<u>\$ 1,360,000</u>

c. Legal Debt Margin

The Village is a home rule municipality. Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes governs computation of the legal debt margin.

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

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

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

5. LONG-TERM DEBT (Continued)

d. Debt Service to Maturity Schedules

The annual requirements to amortize to maturity serial debt outstanding (excluding capital appreciation bonds) as of December 31, 2008 are as follows:

Fiscal Year Ending December 31,	General Obligation Bonds					
	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 5,249,782	\$ 2,806,781	\$ 8,056,563	\$ 1,479,800	\$ 796,162	\$ 2,275,962
2010	5,424,480	2,565,644	7,990,124	1,543,870	734,391	2,278,261
2011	5,674,019	2,318,901	7,992,920	1,623,230	668,507	2,291,737
2012	6,293,811	2,070,290	8,364,101	1,672,470	583,753	2,256,223
2013	5,357,582	1,792,561	7,150,143	1,337,870	514,283	1,852,153
2014	4,630,940	1,551,561	6,182,501	1,014,060	460,029	1,474,089
2015	5,935,720	1,339,490	7,275,210	1,214,280	414,207	1,628,487
2016	4,285,000	1,063,243	5,348,243	925,000	363,049	1,288,049
2017	2,590,000	858,113	3,448,113	970,000	324,893	1,294,893
2018	2,345,000	737,814	3,082,814	825,000	284,594	1,109,594
2019	2,450,000	625,949	3,075,949	865,000	249,154	1,114,154
2020	2,580,000	508,061	3,088,061	910,000	211,354	1,121,354
2021	2,000,000	381,563	2,381,563	955,000	170,948	1,125,948
2022	1,990,000	276,410	2,266,410	1,000,000	128,558	1,128,558
2023	700,000	170,240	870,240	275,000	83,838	358,838
2024	740,000	131,040	871,040	290,000	72,150	362,150
2025	780,000	89,600	869,600	305,000	59,462	364,462
2026	820,000	45,920	865,920	320,000	46,118	366,118
2027	-	-	-	340,000	31,718	371,718
2028	-	-	-	355,000	16,418	371,418
TOTAL	\$ 59,846,334	\$ 19,333,181	\$ 79,179,515	\$ 18,220,580	\$ 6,213,586	\$ 24,434,166

Fiscal Year Ending December 31,	Revenue Bond			Redevelopment Notes		
	Governmental Activities			Governmental Activities		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 1,360,000	\$ 265,750	\$ 1,625,750	\$ -	\$ -	\$ -
2010	1,430,000	196,000	1,626,000	-	-	-
2011	1,505,000	122,625	1,627,625	-	-	-
2012	1,700,000	42,500	1,742,500	-	-	-
2013	-	-	-	1,488,420	354,869	1,843,289
TOTAL	\$ 5,995,000	\$ 626,875	\$ 6,621,875	\$ 1,488,420	\$ 354,869	\$ 1,843,289

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

5. LONG-TERM DEBT (Continued)

d. Debt Service to Maturity Schedules (Continued)

The annual requirements to amortize to maturity capital appreciation bonds outstanding as of December 31, 2008 are as follows:

Fiscal Year	Principal	Interest Accretion
2009	\$ -	\$ 310,464
2010	-	332,826
2011	-	356,800
2012	-	382,500
2013	-	410,050
2014	1,695,000	317,511
2015	2,995,000	124,652
2016	1,855,000	-
TOTAL	\$ 6,545,000	\$ 2,234,803

e. Advance Refunding

On January 1, 2005, the Village issued \$870,000 General Obligation Refunding Bond Series 2005 to refund \$825,000 of the General Obligation Bond Series of 1999A due on December 13, 2013. Conditions for defeasance have been met and assets were placed in escrow through an irrevocable transfer and the liability has been removed from the financial statements.

Defeased bonds outstanding at December 31, 2008 will be redeemed as follows:

Fiscal Year Ending December 31,	General Obligation Bond Series 1999A	General Obligation Bond Series 2000A	Total
2009	\$ -	\$ -	\$ -
2010	-	-	-
2011	-	-	-
2012	2,125,000	-	2,125,000
2013	825,000	475,000	1,300,000
2014	-	500,000	500,000
2015	-	550,000	550,000
2016	-	550,000	550,000
2017	-	600,000	600,000
2018	-	625,000	625,000
2019	-	650,000	650,000
2020	-	700,000	700,000
TOTAL	\$ 2,950,000	\$ 4,650,000	\$ 7,600,000

5. LONG-TERM DEBT (Continued)

f. Noncommitment Debt

Special service area bonds outstanding as of December 31, 2008 of this report totaled \$25,000. These bonds are not an obligation of the Village and are secured by the levy of an annual tax on the real property within the special service area. The Village is in no way liable for repayment, but is only acting as agent for the property owners in levying and collecting the tax, and forwarding the collections to bondholders.

g. Tax Increment Financing Bond Ordinance Disclosures

The ordinances authorizing the issuance of the Series 1998 Bonds provided for the creation of the Dundee Road Redevelopment Projects Special Tax Allocation Fund. It also designated special accounts into which all revenues of the Village's Tax Increment Financing Districts shall be deposited in accordance with the following requirements:

Program Account - All incremental taxes shall be first credited to this account in an amount sufficient to pay program expenses for the current and next succeeding bond year.

Bond and Interest Account - Incremental taxes shall next be credited to this account in an amount sufficient to pay the principal and interest requirements for the next succeeding bond year.

Bond Reserve Account - Incremental taxes shall next be credited to this account until the balance shall equal the debt service reserve requirement.

Special Redemption Account - All incremental taxes remaining after crediting the required amounts to the respective accounts noted above shall be credited to this account.

Incremental Property Tax Account - All incremental taxes collected during the year shall be deposited to this account and credited to the following accounts on the annual accounting date in the priority outlined below.

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

5. LONG-TERM DEBT (Continued)

h. Tax Increment Financing Redevelopment Note Disclosures

Subordinated Redevelopment Notes - The Series 1998A, 2000 and 2006A Subordinated Redevelopment Notes were issued in conjunction with the Dundee and Rand Road Redevelopment Projects. The ordinances authorizing the issuance of these notes provided that these instruments were subordinated to the Tax Increment Revenue Refunding Bond Series of 1998, and were payable solely from the incremental property taxes generated from the subject projects' parcels, if any. As such, there are no established principal and interest payment schedules for either of these notes. However, simple interest does accrue on these notes until such time as they are redeemed. These notes are reflected in the annual debt service requirements at the full principal amount payable at their maturity and accrued interest at December 31, 2008.

Limited Obligation Redevelopment Notes - The Series 2006A and 2006B Limited Obligation Redevelopment Notes were issued in conjunction with the Downtown and Rand Corridor Redevelopment Projects, respectively. The ordinances authorizing the issuance of these notes provided that these instruments were payable solely from the incremental property taxes generated from the subject projects' parcels, if any. As such, there are no established principal and interest payment schedules for either of these notes. However, simple interest does accrue on the 2006A notes until such time as they are redeemed. These notes are reflected in the annual debt service requirements at the full principal amount payable at their maturity and accrued interest at December 31, 2008.

i. Changes in Long-Term Debt

The following is a summary of changes in long-term liabilities for the year ended December 31, 2008:

	January 1, As Restated	Additions	Refundings/ Reductions	December 31	Current Portion
<b>GOVERNMENTAL ACTIVITIES</b>					
General obligation bonds	\$ 65,547,343	\$ -	\$ 5,701,009	\$ 59,846,334	\$ 5,249,782
TIF revenue bonds	13,550,000	-	7,555,000	5,995,000	1,360,000
Tax increment financing notes	2,482,557	-	994,137	1,488,420	-
Net pension obligation	1,760,850	-	349,530	1,411,320	-
Net OPEB obligation	164,898	160,395	-	325,293	-
Compensated absences*	1,616,447	1,563,531	1,616,447	1,563,531	313,560
Total long-term debt	85,122,095	1,723,926	16,216,123	70,629,898	6,923,342



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

5. LONG-TERM DEBT (Continued)

i. Changes in Long-Term Debt (Continued)

	January 1, As Restated	Additions	Refundings/ Reductions	December 31	Current Portion
GOVERNMENTAL ACTIVITIES (Continued)					
Less deferred amounts					
Unamortized bond discount	\$ (89,920)	\$ -	\$ (9,575)	\$ (80,345)	\$ -
Unamortized bond premium	96,675	-	14,560	82,115	-
Unamortized loss on refunding	(74,095)	-	(12,350)	(61,745)	-
Total deferred amount	(67,340)	-	(7,365)	(59,975)	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 85,054,755	\$ 1,723,926	\$ 16,208,758	\$ 70,569,923	\$ 6,923,342

\* The General Fund has typically been used to liquidate this liability.

	January 1, As Restated	Additions	Refundings/ Reductions	December 31	Current Portion
BUSINESS-TYPE ACTIVITIES					
General obligation bonds					
Water	\$ 6,026,060	\$ -	\$ 813,880	\$ 5,212,180	\$ 850,270
Sewer	8,904,450	4,585,000	481,050	13,008,400	629,530
General obligation capital appreciation bonds					
Water	3,862,110	278,188	-	4,140,298	-
Sewer	158,484	11,415	-	169,899	-
Compensated absences					
Water	58,292	71,899	58,292	71,899	14,410
Sewer	6,798	9,645	6,798	9,645	1,945
Total long-term debt	19,016,194	4,956,147	1,360,020	22,612,321	1,496,155
Unamortized bond premium	26,275	-	4,365	21,910	-
Unamortized bond discount	-	(25,164)	(104)	(25,060)	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 19,042,469	\$ 4,930,983	\$ 1,364,281	\$ 22,609,171	\$ 1,496,155

The Village restated beginning net assets for a policy change in the accounting for the Village's stormwater sewer system from governmental to business-type activities. In conjunction with this restatement, \$8,215,000 in general obligation debt was transferred from the governmental activities to the Sewer Fund as of January 1, 2008. Accrued interest on outstanding debt in the amount of \$29,485 was also transferred to the Sewer Fund from governmental activities as of January 1, 2008.

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

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, Self-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 \$100,000 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.

As of January 1, 2008, the Village became 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 Fund which is an internal service fund.

All funds of the Village participate and make payments to the Self-Insurance and Casualty and Liability 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	Totals
UNPAID CLAIMS,				
DECEMBER 31, 2006	\$ 300,000	\$ -	\$ -	\$ 300,000
Claims incurred - 2007	3,879,504	-	-	3,879,504
Claims payments - 2007	(3,879,504)	-	-	(3,879,504)
UNPAID CLAIMS,				
DECEMBER 31, 2007	300,000	-	-	300,000
Claims incurred - 2008	4,108,177	294,791	41,689	4,444,657
Claims payments - 2008	(4,158,177)	(102,791)	(10,689)	(4,271,657)
UNPAID CLAIMS,				
DECEMBER 31, 2008	\$ 250,000	\$ 192,000	\$ 31,000	\$ 473,000

6. RISK MANAGEMENT (Continued)

Intergovernmental Risk Management Agency (IRMA)

The Village participated in the Intergovernmental Risk Management Agency (IRMA) through December 31, 2007. IRMA is a public entity risk pool whose members are Illinois municipalities. IRMA manages and funds first-party property losses, third-party liability claims, workers' compensation claims and public officials' liability claims of its member municipalities.

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.

c. Northwest Water Commission (NWWC)

The Village has committed to purchase water from the NWWC. The Village expects to pay approximately \$1,255,000 per year through December 31, 2012. This amount has been calculated using the Village's current allocation percentage of 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 the 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 payment for operations and maintenance costs for 2009 is \$1,485,520. This is based on an estimated tipping fee of \$52.35 per ton for 28,379 tons.

7. CONTINGENT LIABILITIES (Continued)

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

The Village's estimated payment of fixed costs for 2009 is \$146,963. This amount has been estimated using the Village's current allocation percentage of 10.32%. In future years this allocation percentage will be subject to change. The Village is obligated to pay its allocable share of fixed costs of SWANCC through December 31, 2015.

8. JOINT VENTURES

Solid Waste Agency of Northern Cook County (SWANCC)

The Village is a member of the 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 the mayor or president 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 Solid Waste Agency of Northern Cook County administrative office at 2700 Patriot Boulevard, Suite 110, Glenview, Illinois 60026.

SWANCC's outstanding bonds are revenue obligations. They are limited obligations of SWANCC with a claim for payment solely from and secured by a pledge of the revenues of the system and amounts in various funds and accounts established by SWANCC resolutions. The bonds are not the debt of any member. The SWANCC has no power to levy taxes.

Revenues of the system consist of (1) all receipts derived from solid waste disposal contracts or any other contracts for the disposal of waste; (2) all income derived from the investment of monies and (3) 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.

8. 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 \$1,545,485 to SWANCC in 2008. The payments have been recorded in the Refuse Collection Fund. The Village does not have an equity interest in SWANCC at December 31, 2008.

Northwest Water Commission (NWWC)

The Village is a member of the NWWC which consists of four municipalities. NWWC is a municipal corporation and public body politic and corporate established pursuant to the Intergovernmental Cooperation Act of the State of Illinois. NWWC 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.

NWWC 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 NWWC are appointed by the Board of Commissioners. The Board of Commissioners determines the general policy of NWWC, 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 Northwest Water Commission, 1525 North Wolf Road, Des Plaines, Illinois 60016.

Revenues of the system consist of (1) all receipts derived from the Water Supply Agreements or any other contract for the supply of water; (2) all income derived from the investment of monies and (3) all income, fees, water service charges and all grants, rents and receipts derived by NWWC from the ownership and operation of the system and the sale of water. NWWC covenants to establish fees and charges sufficient to provide revenues to meet all its obligations.

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

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8. JOINT VENTURES (Continued)

Northwest Water Commission (NWWC) (Continued)

NWWC 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.

NWWC 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 2020.

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 \$2,612,065 to NWWC for 2008. The Village’s equity interest in NWWC was \$11,523,221 at December 31, 2008. The Village’s net investment and its share of the operating results of NWWC are recorded in the Village’s Waterworks Fund.

9. INDIVIDUAL FUND DISCLOSURES

a. Due From/To Other Funds

Due from/to other funds at December 31, 2008 consisted of the following:

Receivable Fund	Payable Fund	Amount
General	Internal Service Central Equipment	<u>\$ 92,006</u>

Due from/to fiduciary funds at December 31, 2008 consisted of the following:

Receivable Fund	Payable Fund	Amount
Fiduciary		
Police Pension	General	\$ 32,435
Firefighters’ Pension	General	<u>22,801</u>
TOTAL		<u>\$ 55,236</u>

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

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9. INDIVIDUAL FUND DISCLOSURES (Continued)

a. Due From/To Other Funds (Continued)

The purposes of the due from/to other funds are as follows:

- \$92,006 is payable by the Central Equipment Fund to the General Fund for coverage of a cash shortfall.

The purpose of the due from/to fiduciary funds are as follows:

- \$55,236 is payable by the General Fund to the Pension Funds for taxes received in after year end.

b. Advances From/To Other Funds

Advances from/to other funds at December 31, 2008 consisted of the following:

Receivable Fund	Payable Fund	Amount
General	Downtown TIF	\$ 5,532,920
Nonmajor Governmental	Fiduciary	
Capital Improvement	Special Service Area #4	<u>63,599</u>
TOTAL		<u>\$ 5,596,519</u>

The purposes of the advances from/to other funds are as follows:

- \$5,532,920 advanced to the Downtown TIF Fund from the General Fund. This balance relates to financing various redevelopment projects. Repayment is not expected within one year.
- \$63,599 advance to other funds from a Nonmajor Governmental Fund. This balance relates to the construction of storm sewer improvements. Repayment is not expected within one year.

10. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

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 and business-type activities.

b. Benefits Provided

The Village provides pre and post Medicare post-retirement health insurance to retirees, their spouses and dependents (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under one of the Village's three retirement plans. The retirees pay the blended premium. Upon a retiree becoming eligible for Medicare, the amount payable under the Village's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

c. Membership

At December 31, 2008, membership consisted of:

Retirees and beneficiaries currently receiving benefits	26
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>309</u>
 TOTAL	 <u>335</u>
 Participating employers	 <u><u>1</u></u>

d. Funding Policy

The Village is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.



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

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation

The Village first had an actuarial valuation performed for the plan as of January 1, 2008 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended December 31, 2008. The Village's annual OPEB cost (expense) of \$214,542 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of January 1, 2008. The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2008 was as follows (information for the two preceding years is not available as an actuarial valuation was performed for the first time as of January 1, 2008):

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2008	\$ 228,017	\$ 67,622	29.7%	\$ 325,293

The net OPEB obligation as of December 31, 2008, was calculated as follows:

Annual required contribution	\$ 225,269
Interest on net OPEB obligation	8,245
Adjustment to annual required contribution	<u>(5,497)</u>
Annual OPEB cost	228,017
Contributions made	<u>67,622</u>
Increase in net OPEB obligation	160,395
Net OPEB obligation beginning of year	<u>164,898</u>
NET OPEB OBLIGATION END OF YEAR	<u>\$ 325,293</u>

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

Funded Status and Funding Progress: The funded status and funding progress of the plan as of December 31, 2008, was as follows:

Actuarial accrued liability (AAL)	\$	2,159,444
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	\$	2,159,444
Funded ratio (actuarial value of plan assets/AAL)		-%
Covered payroll (active plan members)	\$	22,550,270
UAAL as a percentage of covered payroll		9.57%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions - projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2008, actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included 5.0% investment rate of return and an 8.0% initial healthcare cost trend rate with an ultimate healthcare inflation rate of 6.0%. Both rates include a 3.0% inflation assumption and 5.0% wage inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 2008 was 30 years.

## 11. 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 Plan which is a single-employer pension plan and the Firefighters' Pension Plan 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 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 from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

### a. Plan Descriptions

#### Illinois Municipal Retirement Fund

All employees (other than those covered by the Police or Firefighters' plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 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. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. 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 the IMRF as specified by statute. The employer contribution rate for the calendar year ended 2008 was 12.09% of covered payroll.

#### Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan. 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 plan as a pension trust fund. At January 1, 2008, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	42
Terminated employees entitled to benefits but not yet receiving them	3
Current employees	
Vested	82
Nonvested	28
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TOTAL	155
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11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75.00% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Covered employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the Village has until the year 2033 to fully fund the past service cost for the Police Pension Plan. For the year ended December 31, 2008, the Village's contribution was 21.15% of covered payroll.

Firefighters' Pension Plan

Fire sworn personnel are covered by the Firefighters' Pension Plan. 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 the plan as a pension trust fund. At January 1, 2008, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	45
Terminated employees entitled to benefits but not yet receiving them	1
Current employees	
Vested	60
Nonvested	35
	<hr/>
TOTAL	141
	<hr/>

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by 1/12 of 2.50% of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75.00% of such monthly 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 retirement benefit. The monthly pension 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 upon reaching the age of at least 55 by 3.00% of the original pension and 3.00% compounded annually thereafter.

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to finance the plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the Village has until the year 2033 to fully fund the past services costs for the Firefighters' Pension Plan. For the year ended December 31, 2008, the Village's contribution was 19.02% of covered payroll.

b. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which the employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the plan.

Method Used to Value Investments

Investments are reported at fair value. Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed income securities are recognized on the transaction date.

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

Method Used to Value Investments (Continued)

There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.00% or more of plan net assets for either the Police or the Firefighters' Pension Plans. Information for the IMRF is not available.

Administrative Costs

Administrative costs for both the Police Pension Plan and the Firefighters' Pension Plan are financed primarily through investment earnings.

c. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial valuation date	December 31, 2006	January 1, 2008	January 1, 2008
Actuarial cost method	Entry-age Normal	Entry-age Normal	Entry-age Normal
Asset valuation method	5 Year Smoothed Market	3 Year Smoothed Market	3 Year Smoothed Market
Amortization method	Level Percentage of Payroll	Level Dollar	Level Dollar
Amortization period	24 Years, Closed	29 Years, Closed	29 Years, Closed

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Annual Pension Costs (Continued)

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Significant actuarial assumptions			
a) Inflation rate	4.00%	2.50%	2.50%
b) Rate of return on investments	7.50% Compounded Annually	8.00% Compounded Annually	8.00% Compounded Annually
c) Projected salary increases	.40% to 11.60%	1.12% to 4.86%	1.12% to 4.86%
d) Post-retirement benefit increases	3.00%	3.00%	3.00%

d. Net Pension Obligation

The Village's annual pension cost and net pension obligation to the Police Pension and Firefighters' Pension Plans for the year ended December 31, 2007 (most current information available) were as follows:

	Police Pension	Firefighters' Pension
Annual required contribution	\$ 1,697,492	\$ 1,167,796
Interest on net pension obligation	96,058	44,810
Adjustment to annual required contributions	(99,333)	(46,338)
Annual pension cost	1,694,217	1,166,268
Contributions made	1,792,538	1,417,474
Increase (decrease) in net pension obligation	(98,321)	(251,206)
Net pension obligation beginning of year	1,200,720	560,127
NET PENSION OBLIGATION END OF YEAR	\$ 1,102,399	\$ 308,921

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

e. Trend Information

Employer annual pension costs (APC), actual contributions and the net pension obligation (asset) (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

	For Fiscal Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual pension cost (APC)	2006	\$ 1,128,178	\$ 1,379,223	\$ 1,066,117
	2007	1,192,374	1,675,991	1,164,489
	2008	1,268,107	1,694,217	1,166,268
Actual contribution	2006	\$ 1,128,178	\$ 1,094,984	\$ 986,399
	2007	1,192,374	1,368,869	1,062,061
	2008	1,268,107	1,792,538	1,417,414
Percentage of APC contributed	2006	100.00%	79.39%	92.52%
	2007	100.00%	81.68%	91.20%
	2008	100.00%	105.80%	121.53%
NPO (asset)	2006	\$ -	\$ 893,598	\$ 457,699
	2007	-	1,200,720	560,127
	2008	-	1,102,399	308,921

f. Funded Status and Funding Progress

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial valuation date	December 31, 2007	December 31, 2007	December 31, 2007
Actuarial accrued liability (AAL)	\$ 27,169,988	\$ 50,689,201	\$ 50,944,617
Actuarial value of plan assets	18,211,574	40,507,394	47,172,964
Unfunded actuarial accrued liability (UAAL)	8,958,414	10,181,807	3,771,653
Funded ratio (actuarial value of plan assets/AAL)	67.03%	79.91%	92.60%
Covered payroll (active plan members)	\$ 10,488,890	\$ 8,476,021	\$ 7,451,465
UAAL as a percentage of covered payroll	85.41%	120.12%	50.62%



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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

f. Funded Status and Funding Progress (Continued)

The schedule of funding progress, presented in the RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

The actuarial value of plan assets for the police and firefighters' pension plans above are as of December 31, 2007. As disclosed on page 94, both pension funds experienced significant declines in the fair value (actuarial value) of assets for the year ended December 31, 2008, which are not reflected in these funded ratios.

12. PENSION TRUST FUNDS

a. Schedule of Net Assets as of December 31, 2008

	Police Pension	Firefighters' Pension	Total
<b>ASSETS</b>			
Cash and short-term investments	\$ 1,897,617	\$ 1,198,944	\$ 3,096,561
Investments			
U.S. Treasury securities	11,362,498	13,744,722	25,107,220
U.S. agency securities	8,363,539	10,486,879	18,850,418
Money market mutual funds	1,022,301	1,103,380	2,125,681
Guaranteed contract investment	1,211,406	-	1,211,406
Equities	8,576,053	10,886,614	19,462,667
Receivables			
Accrued interest	153,449	192,033	345,482
Due from general fund	32,435	22,801	55,236
Total assets	32,619,298	37,635,373	70,254,671
<b>LIABILITIES</b>			
None	-	-	-
Total liabilities	-	-	-
<b>NET ASSETS</b>	<b>\$ 32,619,298</b>	<b>\$ 37,635,373</b>	<b>\$ 70,254,671</b>

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

12. PENSION TRUST FUNDS (Continued)

b. Schedule of Changes in Net Assets for the year ended December 31, 2008.

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 1,824,972	\$ 1,440,275	\$ 3,265,247
Employee	889,426	741,834	1,631,260
Total contributions	2,714,398	2,182,109	4,896,507
INVESTMENT INCOME			
Net (depreciation) in fair value of investments	(3,734,197)	(6,384,541)	(10,118,738)
Interest income	698,265	1,197,651	1,895,916
Less investment expense	(200,990)	(140,362)	(341,352)
Net investment income	(3,236,922)	(5,327,252)	(8,564,174)
Total additions	(522,524)	(3,145,143)	(3,667,667)
DEDUCTIONS			
Administrative	20,610	12,962	33,572
Pension benefits and refunds	1,975,537	1,939,177	3,914,714
Total deductions	1,996,147	1,952,139	3,948,286
NET INCREASE	(2,518,671)	(5,097,282)	(7,615,953)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
January 1	35,137,969	42,732,655	77,870,624
December 31	\$ 32,619,298	\$ 37,635,373	\$ 70,254,671

13. RESTATEMENT

Net assets of the governmental activities and Sewerage Fund were restated to account for the Village's change in accounting for storm sewers and their related debt from governmental activities to the Sewerage Fund. Net assets decreased by \$13,121,130 and increased by \$4,876,645 in governmental activities and business-type activities, respectively.

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

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13. RESTATEMENT (Continued)

The Village implemented GASB Statements 43 and 45 relating to the accounting and financial reporting for other postemployment benefits. Beginning net assets of the governmental activities were restated by \$164,898.

14. SUBSEQUENT EVENTS

On April 1, 2009, the Village called and redeemed the remaining principal balance of \$5,995,000 of the Tax Increment Revenue Refunding Bond Series of 1998.

On April 13, 2009, the Village issued General Obligation Bonds, Series 2009A and B in the amount of \$1,190,000 for the purpose of financing land acquisition for a new fire station and \$8,000,000 for the acquisition of land for economic development, respectively. Principal is payable on December 1 and interest is payable semi-annually on June 1 and December 1. The bonds bear interest at an annual rate of 4.0% to 5.6%.

## 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, 2008

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>REVENUES</b>				
Taxes	\$ 33,461,620	\$ 33,467,155	\$ 33,821,916	\$ 354,761
Licenses and permits	3,390,400	3,390,400	3,088,823	(301,577)
Intergovernmental	7,005,920	7,083,625	7,537,063	453,438
Charges for services	2,117,600	2,128,525	1,768,547	(359,978)
Fines and forfeits	1,067,900	1,067,900	1,061,999	(5,901)
Investment income	525,000	525,000	493,591	(31,409)
Miscellaneous	166,300	172,119	182,944	10,825
Total revenues	47,734,740	47,834,724	47,954,883	120,159
<b>EXPENDITURES</b>				
General government	9,070,240	11,038,589	10,747,502	(291,087)
Public safety	30,835,460	31,170,434	31,524,578	354,144
Public works	5,733,235	6,320,725	6,849,416	528,691
Total expenditures	45,638,935	48,529,748	49,121,496	591,748
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,095,805	(695,024)	(1,166,613)	(471,589)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(2,095,805)	-	-	-
Total other financing sources (uses)	(2,095,805)	-	-	-
NET CHANGE IN FUND BALANCE	\$ -	\$ (695,024)	(1,166,613)	\$ (471,589)
FUND BALANCE, JANUARY 1			18,344,000	
FUND BALANCE, DECEMBER 31			\$ 17,177,387	

(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, 2008

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>REVENUES</b>				
Taxes				
Incremental property taxes	\$ 6,001,290	\$ 6,001,290	\$ 5,612,469	\$ (388,821)
Investment income	25,000	25,000	125,655	100,655
Miscellaneous	-	5,595	41,920	36,325
Total revenues	6,026,290	6,031,885	5,780,044	(251,841)
<b>EXPENDITURES</b>				
Economic development				
Administration	50,000	50,000	257,602	207,602
Project expenditures	1,713,200	795,966	1,097,912	301,946
Land acquisition	2,610,000	8,799,052	1,936,736	(6,862,316)
Debt service				
Principal payments	2,360,955	2,360,955	2,349,337	(11,618)
Interest and fiscal charges	1,883,180	1,883,180	1,882,470	(710)
Total expenditures	8,617,335	13,889,153	7,524,057	(6,365,096)
NET CHANGE IN FUND BALANCE	\$ (2,591,045)	\$ (7,857,268)	(1,744,013)	\$ 6,113,255
FUND BALANCE, JANUARY 1			6,641,163	
FUND BALANCE, DECEMBER 31			\$ 4,897,150	

(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, 2008

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Taxes				
Incremental property taxes	\$ 2,561,730	\$ 2,561,730	\$ 3,198,105	\$ 636,375
Investment income	-	-	44,419	44,419
Contribution revenue	1,000,000	1,000,000	1,230,159	230,159
Reimbursements	25,000	25,000	-	(25,000)
Total revenues	3,586,730	3,586,730	4,472,683	885,953
<b>EXPENDITURES</b>				
Economic development				
Administration	-	142,210	142,206	4
Survey/appraisal fees	-	10,100	10,100	-
Wal-Mart project	-	-	44	(44)
Arlington Toyota project	15,000	15,018,000	12,880,699	2,137,301
Tore and Lukes project	90,000	15,000	3,484	11,516
Roadway improvements	2,000,000	34,690	34,687	3
Harley Davidson project	615,000	549,540	549,538	2
White Castle project	-	120,000	120,000	-
Thrifty Car sales project	-	27,720	27,719	1
Rand/Dundee intersection improvements	50,000	42,805	42,808	(3)
Debt service				
Principal	2,456,430	2,456,430	2,285,739	170,691
Interest and fiscal charges	721,185	769,885	731,901	37,984
Total expenditures	5,947,615	19,186,380	16,828,925	2,357,455
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,360,885)	(15,599,650)	(12,356,242)	3,243,408
<b>OTHER FINANCING SOURCES (USES)</b>				
Notes issued at par	890,000	-	-	-
Total other financing sources (uses)	890,000	-	-	-
NET CHANGE IN FUND BALANCE	\$ (1,470,885)	\$ (15,599,650)	(12,356,242)	\$ 3,243,408
FUND BALANCE, JANUARY 1			13,510,765	
FUND BALANCE, DECEMBER 31			\$ 1,154,523	

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS  
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2008

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Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL As a Percentage of Covered Payroll (4) / (5)
2003	\$ 17,264,405	\$ 19,777,709	87.29%	\$ 2,513,304	\$ 8,746,912	28.73%
2004	14,851,060	18,949,505	78.37%	4,098,445	8,160,340	50.22%
2005	16,534,465	20,897,881	79.12%	4,363,416	8,510,862	51.27%
2006	19,185,330	23,455,108	81.80%	4,269,778	9,018,214	47.35%
2007	20,679,984	24,877,019	83.13%	4,197,035	9,741,621	43.08%
2008	18,211,574	27,169,988	67.03%	8,958,414	10,488,890	85.41%

(See independent auditor's report.)



VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS  
POLICE PENSION FUND

December 31, 2008

Actuarial Valuation Date January 1,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL As a Percentage of Covered Payroll (4) / (5)
2003	\$ 28,627,745	\$ 34,279,135	83.51%	\$ 5,651,390	\$ 6,792,997	83.19%
2004	30,040,260	37,170,819	80.82%	7,130,559	7,029,415	101.44%
2005	32,583,811	39,667,110	82.14%	7,083,299	7,230,372	97.97%
2006	35,125,250	43,228,479	81.25%	8,103,229	7,384,968	109.73%
2007	37,456,208	47,754,200	78.44%	10,297,992	8,322,977	123.73%
2008	40,507,394	50,689,201	79.91%	10,181,807	8,476,021	120.12%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS  
FIREFIGHTERS' PENSION FUND

December 31, 2008

Actuarial Valuation Date January 1,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL As a Percentage of Covered Payroll (4) / (5)
2003	\$ 32,220,114	\$ 33,441,415	96.35%	\$ 1,221,301	\$ 6,116,973	19.97%
2004	35,143,321	36,834,981	95.41%	1,691,570	6,480,426	26.10%
2005	36,885,462	40,807,524	90.39%	3,922,062	6,501,891	60.32%
2006	40,150,008	43,894,062	91.47%	3,744,054	6,826,186	54.85%
2007	43,611,423	47,818,154	91.20%	4,206,731	7,161,378	58.74%
2008	47,172,964	50,944,617	92.60%	3,771,653	7,451,465	50.62%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFITS PLAN

December 31, 2008

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Actuarial Valuation Date January 1	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Percentage Funded (1) / (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Underfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
2007	\$ -	\$ 2,461,467	0.00%	\$ 2,461,467	\$ 21,727,560	11.33%
2008	-	2,159,444	0.00%	2,159,444	22,550,270	9.58%

Information for prior years is not available as the Village's first actuarial valuation was performed January 1, 2008.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2008

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<u>Calendar Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2003	\$ 617,532	\$ 617,532	100.00%
2004	718,926	718,926	100.00%
2005	881,725	881,725	100.00%
2006	1,128,178	1,128,178	100.00%
2007	1,192,374	1,192,374	100.00%
2008	1,268,107	1,268,107	100.00%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION FUND

December 31, 2008

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<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2003	\$ 778,499	\$ 924,486	84.21%
2004	935,472	1,057,997	88.42%
2005	1,177,460	1,044,267	112.75%
2006	1,094,984	1,380,059	79.34%
2007	1,368,869	1,677,795	81.59%
2008	1,792,538	1,697,492	105.60%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FIREFIGHTERS' PENSION FUND

December 31, 2008

---

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2003	\$ 749,608	\$ 796,865	94.07%
2004	808,875	820,813	98.55%
2005	916,008	934,767	97.99%
2006	986,399	1,066,636	92.48%
2007	1,062,061	1,165,413	91.13%
2008	1,417,414	1,167,796	121.38%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFITS PLAN

December 31, 2008

---

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2007	\$ 49,644	\$ 214,542	23.14%
2008	67,622	225,269	30.02%

Information for prior years is not available as the Village's first actuarial valuation was performed January 1, 2008.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2008

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STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

a. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, debt service, capital projects, enterprise, internal service and pension trust funds. All annual appropriations lapse at fiscal year end.

All 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 hearings 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.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting-under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation-is utilized in the governmental funds. Material encumbrances outstanding at year end, if any, are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

b. Excess of Expenditures/Expenses Over Budget

The following funds had an excess of actual expenditures/expenses exclusive of depreciation over budget for the year ended December 31, 2008:

<u>Fund</u>	<u>Excess</u>
General	\$ 591,748
Central Equipment	328,198
Self-Insurance	497,356



## Nonmajor Governmental Funds

VILLAGE OF PALATINE, ILLINOIS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2008

	Special Revenue	Capital Project	Total Nonmajor Governmental
<hr/>			
ASSETS			
Cash and investments	\$ 375,657	\$ 9,981,396	\$ 10,357,053
Receivables (net, where applicable, of allowances for uncollectibles)			
Due from other governments	160,894	704,594	865,488
Advance to Fiduciary Fund	-	63,599	63,599
	<hr/>		
TOTAL ASSETS	\$ 536,551	\$ 10,749,589	\$ 11,286,140
<hr/>			
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 208,164	\$ 470,566	\$ 678,730
Other deferred revenue	-	229,527	229,527
	<hr/>		
Total liabilities	208,164	700,093	908,257
<hr/>			
FUND BALANCES			
Reserved for advances	-	63,599	63,599
Reserved for maintenance of roadways	328,387	-	328,387
Reserved for special projects	-	9,985,897	9,985,897
	<hr/>		
Total fund balances	328,387	10,049,496	10,377,883
<hr/>			
TOTAL LIABILITIES AND FUND BALANCES	\$ 536,551	\$ 10,749,589	\$ 11,286,140
<hr/>			

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2008

	Special Revenue	Capital Project	Total Nonmajor Governmental
REVENUES			
Taxes	\$ -	\$ 2,870,797	\$ 2,870,797
Intergovernmental	1,983,117	-	1,983,117
Charges for services	-	46,089	46,089
Investment income	3,789	81,567	85,356
Property owner contributions	-	4,935,800	4,935,800
Miscellaneous	-	200,139	200,139
Total revenues	1,986,906	8,134,392	10,121,298
EXPENDITURES			
Current			
Public works	1,803,193	-	1,803,193
Economic development	84,918	-	84,918
Capital outlay	91,283	5,404,414	5,495,697
Total expenditures	1,979,394	5,404,414	7,383,808
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,512	2,729,978	2,737,490
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	-	171,738	171,738
Total other financing sources (uses)	-	171,738	171,738
NET CHANGE IN FUND BALANCES	7,512	2,901,716	2,909,228
FUND BALANCES, JANUARY 1	320,875	7,147,780	7,468,655
FUND BALANCES, DECEMBER 31	\$ 328,387	\$ 10,049,496	\$ 10,377,883

See accompanying notes to financial statements.

## Nonmajor Special Revenue Funds

**Community Development Block Grant Fund** - to account for the expenditure of Community Development Block Grant funds received from the Federal government.

**Motor Fuel Tax Fund** - to account for the operation of street maintenance programs and capital projects as authorized by the Illinois Department of Transportation. Financing is provided by the Village's share of state motor fuel taxes.

VILLAGE OF PALATINE, ILLINOIS

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2008

	Community Development Block Grant	Motor Fuel Tax	Total
<hr/>			
ASSETS			
Cash and investments	\$ 208,164	\$ 167,493	\$ 375,657
Due from other governments	-	160,894	160,894
<hr/>			
TOTAL ASSETS	\$ 208,164	\$ 328,387	\$ 536,551
<hr/>			
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 208,164	\$ -	\$ 208,164
<hr/>			
Total liabilities	208,164	-	208,164
<hr/>			
FUND BALANCES			
Reserved for maintenance of roadways	-	328,387	328,387
<hr/>			
Total fund balances	-	328,387	328,387
<hr/>			
TOTAL LIABILITIES AND FUND BALANCES	\$ 208,164	\$ 328,387	\$ 536,551
<hr/>			

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2008

	Community Development Block Grant	Motor Fuel Tax	Total
REVENUES			
Intergovernmental	\$ 176,201	\$ 1,806,916	\$ 1,983,117
Investment income	-	3,789	3,789
Total revenues	176,201	1,810,705	1,986,906
EXPENDITURES			
Current			
Public works	-	1,803,193	1,803,193
Economic development	84,918	-	84,918
Capital outlay	91,283	-	91,283
Total expenditures	176,201	1,803,193	1,979,394
NET CHANGE IN FUND BALANCES	-	7,512	7,512
FUND BALANCES, JANUARY 1	-	320,875	320,875
FUND BALANCES, DECEMBER 31	\$ -	\$ 328,387	\$ 328,387

See accompanying notes to financial statements.

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, 2008

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental Grants	\$ 423,775	\$ 513,390	\$ 176,201
Total revenues	423,775	513,390	176,201
EXPENDITURES			
Economic development			
Administrative services	84,920	84,920	84,918
Capital outlay	338,855	81,430	91,283
Total expenditures	423,775	166,350	176,201
NET CHANGE IN FUND BALANCE	\$ -	\$ 347,040	-
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  
MOTOR FUEL TAX FUND

For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Motor fuel tax allotment	\$ 1,948,200	\$ 1,948,200	\$ 1,806,916
Investment income	-	-	3,789
Total revenues	1,948,200	1,948,200	1,810,705
EXPENDITURES			
Public works			
Highways and streets	1,722,015	1,851,314	1,803,193
Total expenditures	1,722,015	1,851,314	1,803,193
NET CHANGE IN FUND BALANCE	\$ 226,185	\$ 96,886	7,512
FUND BALANCE, JANUARY 1			320,875
FUND BALANCE, DECEMBER 31			\$ 328,387

(See independent auditor's report.)



VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
MOTOR FUEL TAX FUND

For the Year Ended December 31, 2008

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	Original Budget	Final Budget	Actual
<hr/>			
PUBLIC WORKS			
Highways and streets			
Road resurfacing	\$ 1,504,210	\$ 1,504,210	\$ 1,504,210
Palanois Park street improvements	-	142,542	142,776
Streetlight cabling replacement	25,000	25,000	13,745
Curb and gutter extension	147,805	147,805	140,704
Anti-icing program	30,000	30,000	-
Intersection improvements - pedestrian	15,000	1,757	1,758
	<hr/>		
TOTAL EXPENDITURES	\$ 1,722,015	\$ 1,851,314	\$ 1,803,193
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(See independent auditor's report.)

## Nonmajor Capital Projects Funds

**Capital Improvement Fund** - to account for the acquisition and construction of capital facilities or equipment other than those financed by special designated assessment funds or enterprise funds.

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

**SSA #5** - to account for the cost of construction of certain improvements within the special service area.

VILLAGE OF PALATINE, ILLINOIS

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS

December 31, 2008

	Capital Improvement	Capital Equipment Acquisition	Special Service Area #5	Total
<b>ASSETS</b>				
Cash and investments	\$ 2,164,806	\$ 5,261,720	\$ 2,554,870	\$ 9,981,396
Due from other governments	469,730	234,864	-	704,594
Advances to fiduciary funds	63,599	-	-	63,599
<b>TOTAL ASSETS</b>	<b>\$ 2,698,135</b>	<b>\$ 5,496,584</b>	<b>\$ 2,554,870</b>	<b>\$ 10,749,589</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 134,071	\$ 336,495	\$ -	\$ 470,566
Other deferred revenue	212,400	17,127	-	229,527
<b>Total liabilities</b>	<b>346,471</b>	<b>353,622</b>	<b>-</b>	<b>700,093</b>
<b>FUND BALANCES</b>				
Reserved for advances	63,599	-	-	63,599
Reserved for special projects	2,288,065	5,142,962	2,554,870	9,985,897
<b>Total fund balances</b>	<b>2,351,664</b>	<b>5,142,962</b>	<b>2,554,870</b>	<b>10,049,496</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,698,135</b>	<b>\$ 5,496,584</b>	<b>\$ 2,554,870</b>	<b>\$ 10,749,589</b>

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2008

	Capital Improvement	Capital Equipment Acquisition	Special Service Area #5	Total
REVENUES				
Taxes	\$ 1,913,864	\$ 956,933	\$ -	\$ 2,870,797
Charges for services	46,089	-	-	46,089
Investment income	32,987	48,580	-	81,567
Property owner contributions	3,550	-	4,932,250	4,935,800
Miscellaneous	1,183	198,956	-	200,139
Total revenues	1,997,673	1,204,469	4,932,250	8,134,392
EXPENDITURES				
Capital outlay	1,333,695	1,693,339	2,377,380	5,404,414
Total expenditures	1,333,695	1,693,339	2,377,380	5,404,414
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	663,978	(488,870)	2,554,870	2,729,978
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	27	171,711	-	171,738
Total other financing sources (uses)	27	171,711	-	171,738
NET CHANGE IN FUND BALANCES	664,005	(317,159)	2,554,870	2,901,716
FUND BALANCES, JANUARY 1	1,687,659	5,460,121	-	7,147,780
FUND BALANCES, DECEMBER 31	\$ 2,351,664	\$ 5,142,962	\$ 2,554,870	\$ 10,049,496

See accompanying notes to financial statements.

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, 2008

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes			
Telecommunications tax	\$ 2,263,320	\$ 2,263,320	\$ 1,913,864
Charges for services			
50/50 cost sharing programs	80,000	80,000	46,089
Intergovernmental			
Grants	87,080	87,080	-
Property owner contributions	5,800	5,800	3,550
Investment income	40,000	40,000	32,987
Miscellaneous			
Other	19,600	19,600	1,183
Total revenues	2,495,800	2,495,800	1,997,673
<b>EXPENDITURES</b>			
Capital outlay			
Village facilities	798,700	640,470	191,926
Road improvements	821,210	1,211,598	851,130
Land acquisition	850,000	8,973	10,670
Sidewalks	367,000	305,000	279,969
Total expenditures	2,836,910	2,166,041	1,333,695
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(341,110)	329,759	663,978
<b>OTHER FINANCING SOURCES (USES)</b>			
Bonds issued at par	850,000	-	-
Proceeds from sale of capital assets	-	-	27
Total other financing sources (uses)	850,000	-	27
NET CHANGE IN FUND BALANCE	\$ 508,890	\$ 329,759	664,005
FUND BALANCE, JANUARY 1			1,687,659
FUND BALANCE, DECEMBER 31			\$ 2,351,664

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
CAPITAL IMPROVEMENT FUND

For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual
<b>CAPITAL OUTLAY</b>			
Village facilities			
Community Center maintenance	\$ -	\$ 6,850	\$ 17,961
Tree plant program	15,000	15,000	9,120
Fire Station #84 modernization	-	18,740	1,439
Fire Station #82 remodeling	15,000	3,000	-
New Police Station	350,000	350,000	-
Village facility roof replacement	250,000	58,805	1,800
Imperial/Glade stormwater	-	-	18,570
Repair/refinish Fire Station truck room floor	32,200	32,200	31,827
Fuel dispensers refurbishment	13,000	13,000	10,006
Pocket Park beautification program	8,500	8,500	720
Downtown Public Art	30,000	30,000	27,389
Neighborhood walkway program	25,000	25,000	-
Creek erosion program	-	-	1,960
Gateway entrance program	40,000	71,135	71,134
Irrigation improvement	20,000	8,240	-
Total Village facilities	798,700	640,470	191,926
Road improvements			
Street light extension program	-	231,295	220,483
Arterial street beautification program	55,000	55,000	-
50/50 apron/curb/gutter improvements	144,000	144,000	75,000
North Cedar Street improvements	200,000	200,000	173,248
South Cedar Street improvements	-	24,267	3,956
Palanois Park Street improvement	153,000	13,000	13,000
Palatine Road reconstruction	-	139,021	139,020
Intersection improvements	-	124,045	124,041
Integral curb program	182,130	182,130	90,622
Safe Routes to School improvements	87,080	87,080	-
Variable speed signs	-	11,760	11,760
Total road improvements	821,210	1,211,598	851,130
Land acquisition			
Gilbert/Glade stormwater	-	8,973	8,970
Relocate Northwest Fire Station	850,000	-	1,700
Total land acquisition	850,000	8,973	10,670
Sidewalks	367,000	305,000	279,969
TOTAL EXPENDITURES	\$ 2,836,910	\$ 2,166,041	\$ 1,333,695

(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, 2008

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Telecommunications	\$ 1,110,090	\$ 1,110,090	\$ 956,933
Investment income	40,000	40,000	48,580
Miscellaneous			
Rental income	160,000	160,000	198,956
Total revenues	1,310,090	1,310,090	1,204,469
EXPENDITURES			
Capital outlay			
Motor vehicles	1,625,700	1,248,165	1,241,442
Communications/technology	813,885	415,900	349,143
Operating equipment	177,050	126,750	102,754
Total expenditures	2,616,635	1,790,815	1,693,339
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,306,545)	(480,725)	(488,870)
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	75,000	86,465	171,711
Transfers in	2,144,605	-	-
Total other financing sources (uses)	2,219,605	86,465	171,711
NET CHANGE IN FUND BALANCE	\$ 913,060	\$ (394,260)	(317,159)
FUND BALANCE, JANUARY 1			5,460,121
FUND BALANCE, DECEMBER 31			\$ 5,142,962

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
CAPITAL EQUIPMENT ACQUISITION FUND

For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual
CAPITAL OUTLAY			
Motor vehicles			
Public works vehicle replacement	\$ 745,500	\$ 792,965	\$ 790,654
Police and administrative vehicle replacement	280,200	280,200	278,368
Fire department replacement	600,000	175,000	172,420
Total motor vehicles	1,625,700	1,248,165	1,241,442
Communications/technology			
Computer hardware and software	641,385	230,630	211,639
GIS program	57,500	34,000	7,320
Public safety communication equipment	115,000	151,270	130,184
Total communications/technology	813,885	415,900	349,143
Operating equipment			
Other operating equipment	-	9,750	9,750
Public works equipment replacement	117,000	117,000	93,004
Fire department equipment	60,050	-	-
Total operating equipment	177,050	126,750	102,754
TOTAL EXPENDITURES	\$ 2,616,635	\$ 1,790,815	\$ 1,693,339

(See independent auditor's report.)



VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL SERVICE AREA #5 FUND

For the Year Ended December 31, 2008

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	Final Budget	Actual
REVENUES		
Property owner contributions	4,932,250	4,932,250
Total revenues	4,932,250	4,932,250
EXPENDITURES		
Capital outlay		
Operating equipment	2,377,380	2,377,380
Total expenditures	2,377,380	2,377,380
NET CHANGE IN FUND BALANCE	<u>\$ 2,554,870</u>	2,554,870
FUND BALANCE, JANUARY 1		<u>-</u>
FUND BALANCE, DECEMBER 31		<u>\$ 2,554,870</u>

(See independent auditor's report.)

## Internal Service Funds

## Internal Service Funds

**Central Equipment Fund** - to account for the provision of garage services to the various departments of the Village. Financing is provided through a vehicle maintenance fee charged to the using departments.

**Self-Insurance Fund** - to account for the Village's self-insurance program. Financing is provided through a fee charged to various Village departments.

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

VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS

December 31, 2008

	Central Equipment	Self- Insurance	Casualty and Liability	Total
<b>CURRENT ASSETS</b>				
Cash and investments	\$ -	\$ 2,642,105	\$ 2,476,494	\$ 5,118,599
Receivables				
Other	20,913	145,153	1,085	167,151
Inventories	185,315	-	-	185,315
Prepaid items	-	133,395	-	133,395
Total current assets	206,228	2,920,653	2,477,579	5,604,460
<b>CURRENT LIABILITIES</b>				
Accounts payable	153,678	172	4,380	158,230
Accrued payroll	21,900	-	-	21,900
Due to other funds	92,006	-	-	92,006
Deferred revenue	-	3,336	-	3,336
Claims payable	-	250,000	223,000	473,000
Total current liabilities	267,584	253,508	227,380	748,472
<b>LONG-TERM LIABILITIES</b>				
Compensated absences payable	54,514	-	-	54,514
Total liabilities	322,098	253,508	227,380	802,986
<b>NET ASSETS (DEFICIT)</b>				
Unrestricted	(115,870)	2,667,145	2,250,199	4,801,474
<b>TOTAL NET ASSETS</b>	<b>\$ (115,870)</b>	<b>\$ 2,667,145</b>	<b>\$ 2,250,199</b>	<b>\$ 4,801,474</b>

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2008

	Central Equipment	Self- Insurance	Casualty and Liability	Total
OPERATING REVENUES				
Intergovernmental	\$ 160,306	\$ -	\$ -	\$ 160,306
Charges for services	1,633,919	5,275,460	3,193,000	10,102,379
Miscellaneous	61,832	-	19,018	80,850
Total operating revenues	1,856,057	5,275,460	3,212,018	10,343,535
OPERATING EXPENSES EXCLUDING DEPRECIATION				
Costs of sales and services	1,997,398	5,347,676	965,207	8,310,281
Total operating expenses	1,997,398	5,347,676	965,207	8,310,281
OPERATING INCOME (LOSS)	(141,341)	(72,216)	2,246,811	2,033,254
NONOPERATING REVENUES (EXPENSES)				
Investment income	1,196	51,051	3,388	55,635
Total nonoperating revenues (expenses)	1,196	51,051	3,388	55,635
CHANGE IN NET ASSETS	(140,145)	(21,165)	2,250,199	2,088,889
NET ASSETS, JANUARY 1	24,275	2,688,310	-	2,712,585
NET ASSETS (DEFICIT), DECEMBER 31	\$ (115,870)	\$ 2,667,145	\$ 2,250,199	\$ 4,801,474

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2008

	Central Equipment	Self- Insurance	Casualty and Liability	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from interfund services transactions	\$ 1,843,574	\$ 5,180,763	\$ 3,210,933	\$ 10,235,270
Payments to suppliers	(1,439,943)	(5,474,455)	(737,827)	(7,652,225)
Payments to employees	(488,018)	-	-	(488,018)
Net cash from operating activities	(84,387)	(293,692)	2,473,106	2,095,027
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Settlement of interfund payables				
Transfers in	83,191	8,815	-	92,006
Net cash from noncapital financing activities	83,191	8,815	-	92,006
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
None	-	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	1,196	51,051	3,388	55,635
Net cash from investing activities	1,196	51,051	3,388	55,635
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-	(233,826)	2,476,494	2,242,668
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	-	2,875,931	-	2,875,931
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	\$ -	\$ 2,642,105	\$ 2,476,494	\$ 5,118,599
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (141,341)	\$ (72,216)	\$ 2,246,811	\$ 2,033,254
Adjustments to reconcile operating income to net cash from operating activities				
(Increase) decrease in				
Other receivables	(12,483)	(95,325)	(1,085)	(108,893)
Prepaid items	-	(65,135)	-	(65,135)
Inventories	(17,714)	-	-	(17,714)
Increase (decrease) in				
Accounts payable	62,528	(11,644)	4,380	55,264
Claims payable	-	(50,000)	223,000	173,000
Accrued payroll	12,690	-	-	12,690
Deferred revenue	-	628	-	628
Compensated absences payable	11,933	-	-	11,933
<b>NET CASH FROM OPERATING ACTIVITIES</b>	\$ (84,387)	\$ (293,692)	\$ 2,473,106	\$ 2,095,027

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS - BUDGET AND ACTUAL  
CENTRAL EQUIPMENT FUND

For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Intergovernmental			
Park District facility charges	\$ 83,200	\$ 83,200	\$ 160,306
Charges for services			
Vehicle maintenance	1,631,845	1,631,845	1,631,845
Printing and duplicating	-	-	2,074
Miscellaneous			
Refunds	12,000	12,000	15,334
Reimbursements	35,000	35,000	46,498
Total operating revenues	1,762,045	1,762,045	1,856,057
OPERATING EXPENSES			
Costs of sales and services			
Public works			
Building maintenance	17,460	17,460	15,789
Vehicle maintenance	1,637,480	1,651,740	1,981,609
Total operating expenses	1,654,940	1,669,200	1,997,398
OPERATING INCOME (LOSS)	107,105	92,845	(141,341)
NONOPERATING REVENUES (EXPENSES)			
Investment income	-	-	1,196
CHANGE IN NET ASSETS	\$ 107,105	\$ 92,845	(140,145)
NET ASSETS, JANUARY 1			24,275
NET ASSETS (DEFICIT), DECEMBER 31			\$ (115,870)

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS - BUDGET AND ACTUAL  
SELF-INSURANCE FUND

For the Year Ended December 31, 2008

	Final Budget	Actual
OPERATING REVENUES		
Charges for services		
Insurance fees and premiums		
Retiree	\$ 240,000	\$ 291,145
COBRA	-	27,539
Employee	454,500	445,386
Employer	4,439,400	4,511,390
Total operating revenues	5,133,900	5,275,460
OPERATING EXPENSES		
Administration	149,800	164,282
Insurance claims	4,697,500	5,180,375
Wellness program	3,020	3,019
Total operating expenses	4,850,320	5,347,676
OPERATING INCOME (LOSS)	283,580	(72,216)
NONOPERATING REVENUES (EXPENSES)		
Investment income	140,000	51,051
CHANGE IN NET ASSETS	\$ 423,580	(21,165)
NET ASSETS, JANUARY 1		2,688,310
NET ASSETS, DECEMBER 31		\$ 2,667,145

(See independent auditor's report.)



VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2008

	Final Budget	Actual
OPERATING REVENUES		
Insurance fees and premiums	\$ 3,193,000	\$ 3,193,000
Miscellaneous		
Reimbursements	-	19,018
Total operating revenues	3,193,000	3,212,018
OPERATING EXPENSES		
Administration	96,000	47,410
Insurance claims	1,396,000	867,353
Other	64,000	50,444
Total operating expenses	1,556,000	965,207
OPERATING INCOME (LOSS)	1,637,000	2,246,811
NONOPERATING REVENUES (EXPENSES)		
Investment income	1,000	3,388
CHANGE IN NET ASSETS	\$ 1,638,000	2,250,199
NET ASSETS, JANUARY 1		-
NET ASSETS, DECEMBER 31		\$ 2,250,199

(See independent auditor's report.)

## Fiduciary Funds

## Fiduciary Funds

### **Pension Trust Funds**

**Police Pension Fund** - to account for the accumulation of resources for pension benefit payments to qualified police officers. Financing is provided by an actuarially determined contribution from the Village.

**Firefighters' Pension Fund** - to account for the accumulation of resources for pension benefit payments to qualified firefighters. Financing is provided by an actuarially determined contribution from the Village.

### **Agency Fund**

**Special Service Areas Fund** - to account for the collection of taxes levied to retire special service area bonds for which the Village has no obligation.

VILLAGE OF PALATINE, ILLINOIS

COMBINING BALANCE SHEET  
FIDUCIARY FUNDS

December 31, 2008

	Pension Trust		Total	Agency
	Police	Firefighters'	Pension	Fund
	Pension	Pension	Trust	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,897,617	\$ 1,198,944	\$ 3,096,561	\$ 724,748
Investments				
U.S. Treasury securities	11,362,498	13,744,722	25,107,220	-
U.S. agency securities	8,363,539	10,486,879	18,850,418	-
Money market mutual funds	1,022,301	1,103,380	2,125,681	-
Guaranteed contract investment	1,211,406	-	1,211,406	-
Equities	8,576,053	10,886,614	19,462,667	-
Receivables				
Property taxes	-	-	-	603,910
Accrued interest	153,449	192,033	345,482	-
Due from general fund	32,435	22,801	55,236	63,599
<b>TOTAL ASSETS</b>	<b>\$ 32,619,298</b>	<b>\$ 37,635,373</b>	<b>\$ 70,254,671</b>	<b>\$ 1,392,257</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Deferred property taxes	\$ -	\$ -	\$ -	\$ 603,664
Due to bondholders	-	-	-	724,994
Advances from primary government	-	-	-	63,599
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 1,392,257</b>
<b>FUND BALANCES</b>				
Reserved for employees' retirement system	32,619,298	37,635,373	70,254,671	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 32,619,298</b>	<b>\$ 37,635,373</b>	<b>\$ 70,254,671</b>	

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS  
PENSION TRUST FUNDS

For the Year Ended December 31, 2008

	Police Pension	Firefighters' Pension	Total
<hr/>			
ADDITIONS			
Contributions			
Employer	\$ 1,824,972	\$ 1,440,275	\$ 3,265,247
Employee	889,426	741,834	1,631,260
	<hr/>		
Total contributions	2,714,398	2,182,109	4,896,507
	<hr/>		
Investment income			
Net appreciation (depreciation) in fair value of investments	(3,734,197)	(6,384,541)	(10,118,738)
Interest	698,265	1,197,651	1,895,916
	<hr/>		
Total investment income (loss)	(3,035,932)	(5,186,890)	(8,222,822)
Less investment expense	(200,990)	(140,362)	(341,352)
	<hr/>		
Net investment income (loss)	(3,236,922)	(5,327,252)	(8,564,174)
	<hr/>		
Total additions	(522,524)	(3,145,143)	(3,667,667)
	<hr/>		
DEDUCTIONS			
Administration	20,610	12,962	33,572
Benefits and refunds			
Retirement benefits	1,951,983	1,914,415	3,866,398
Refunds of contributions	23,554	24,762	48,316
	<hr/>		
Total deductions	1,996,147	1,952,139	3,948,286
	<hr/>		
NET INCREASE (DECREASE)	(2,518,671)	(5,097,282)	(7,615,953)
	<hr/>		
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
January 1	35,137,969	42,732,655	77,870,624
	<hr/>		
December 31	\$ 32,619,298	\$ 37,635,373	\$ 70,254,671
	<hr/>		

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2008

	Final Budget	Actual
ADDITIONS		
Contributions		
Employer	\$ 1,847,600	\$ 1,824,972
Employee	867,600	889,426
Total contributions	2,715,200	2,714,398
Investment income		
Net appreciation in fair value of investments	-	(3,734,197)
Interest	250,000	698,265
Total investment income	250,000	(3,035,932)
Less investment expense	(157,500)	(200,990)
Net investment income	92,500	(3,236,922)
Total additions	2,807,700	(522,524)
DEDUCTIONS		
Administration	19,000	20,610
Benefits and refunds		
Retirement benefits	2,000,000	1,951,983
Refunds of contributions	50,000	23,554
Total deductions	2,069,000	1,996,147
NET INCREASE (DECREASE)	\$ 738,700	(2,518,671)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
January 1		35,137,969
December 31		\$ 32,619,298

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2008

	Final Budget	Actual
ADDITIONS		
Contributions		
Employer	\$ 1,324,200	\$ 1,440,275
Employee	732,600	741,834
Total contributions	2,056,800	2,182,109
Investment income		
Net appreciation in fair value of investments	-	(6,384,541)
Interest	250,000	1,197,651
Total investment income	250,000	(5,186,890)
Less investment expense	(157,500)	(140,362)
Net investment income	92,500	(5,327,252)
Total additions	2,149,300	(3,145,143)
DEDUCTIONS		
Administration	17,500	12,962
Benefits and refunds		
Benefits	2,000,000	1,914,415
Refunds of contributions	50,000	24,762
Total deductions	2,067,500	1,952,139
NET INCREASE (DECREASE)	\$ 81,800	(5,097,282)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
January 1		42,732,655
December 31		\$ 37,635,373

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
SPECIAL SERVICE AREAS FUND

For the Year Ended December 31, 2008

	Balances January 1	Additions	Deletions	Balances December 31
<b>ASSETS</b>				
Cash and cash equivalents	\$ 23,481	\$ 1,122,143	\$ 420,876	\$ 724,748
Receivables				
Property taxes	63,907	603,910	63,907	603,910
Due from residents	84,415	-	20,816	63,599
<b>TOTAL ASSETS</b>	<b>\$ 171,803</b>	<b>\$ 1,726,053</b>	<b>\$ 505,599</b>	<b>\$ 1,392,257</b>
<b>LIABILITIES</b>				
Other liabilities	\$ 62,573	\$ 603,664	\$ 62,573	\$ 603,664
Due to bondholders	24,815	700,179	-	724,994
Advances from other funds	84,415	-	20,816	63,599
<b>TOTAL LIABILITIES</b>	<b>\$ 171,803</b>	<b>\$ 1,303,843</b>	<b>\$ 83,389</b>	<b>\$ 1,392,257</b>

(See independent auditor's report.)



## SUPPLEMENTAL SECTION

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>TAXES</b>				
Property tax				
Police protection	\$ 4,750,000	\$ 4,750,000	\$ 4,826,199	\$ 76,199
Fire protection	6,825,000	6,825,000	6,930,384	105,384
FICA	2,000,000	2,000,000	2,032,206	32,206
IMRF	1,175,000	1,175,000	1,194,163	19,163
Police pension	1,847,600	1,847,600	1,689,193	(158,407)
Fire pension	1,324,200	1,324,200	1,349,234	25,034
Township road and bridge	636,000	636,000	694,338	58,338
Personal property replacement tax	145,200	145,200	126,781	(18,419)
State sales tax	7,932,600	7,932,600	7,881,002	(51,598)
Home rule sales tax	4,418,300	4,418,300	4,673,737	255,437
Local use tax	898,200	898,200	956,775	58,575
Motel occupancy tax	366,600	366,600	341,506	(25,094)
Food and beverage	1,083,400	1,083,400	1,062,201	(21,199)
Auto rental tax	14,020	14,020	13,161	(859)
Foreign fire insurance tax	45,500	51,035	51,036	1
<b>Total taxes</b>	<b>33,461,620</b>	<b>33,467,155</b>	<b>33,821,916</b>	<b>354,761</b>
<b>LICENSES AND PERMITS</b>				
Liquor licenses	322,900	322,900	319,501	(3,399)
Business licenses	215,300	215,300	233,988	18,688
Animal licenses	30,400	30,400	29,430	(970)
Cable television fees	595,300	595,300	606,774	11,474
Vehicle licenses	1,063,600	1,063,600	1,038,122	(25,478)
Building permits and fees	914,600	914,600	584,201	(330,399)
Other licenses and permits	248,300	248,300	276,807	28,507
<b>Total licenses and permits</b>	<b>3,390,400</b>	<b>3,390,400</b>	<b>3,088,823</b>	<b>(301,577)</b>
<b>INTERGOVERNMENTAL</b>				
State income tax	6,137,440	6,137,440	6,270,922	133,482
Park district reimbursement	28,020	28,020	51,797	23,777
Fire protection district reimbursement	245,450	245,450	449,000	203,550
State highway maintenance	111,710	111,710	117,850	6,140
Public safety training reimbursement	25,300	25,300	27,002	1,702
Police consultant - schools	411,300	411,300	411,300	-
Other grants	46,700	124,405	209,192	84,787
<b>Total intergovernmental</b>	<b>7,005,920</b>	<b>7,083,625</b>	<b>7,537,063</b>	<b>453,438</b>

(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, 2008

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>CHARGES FOR SERVICES</b>				
Plan review fees	\$ 269,500	\$ 269,500	\$ 194,162	\$ (75,338)
Ambulance fees	1,000,000	1,000,000	946,894	(53,106)
Inspection fees	391,100	391,100	204,890	(186,210)
Special police service	100,000	100,000	126,395	26,395
Street fest revenue	153,000	153,000	176,728	23,728
Other charges for services	204,000	214,925	119,478	(95,447)
Total charges for services	2,117,600	2,128,525	1,768,547	(359,978)
<b>FINES AND FORFEITS</b>				
Circuit court fines	547,100	547,100	532,698	(14,402)
Parking fines	188,600	188,600	163,468	(25,132)
Red light fees	100,000	-	100,864	100,864
Impound fees	-	100,000	-	(100,000)
Compliance fines	145,400	145,400	172,866	27,466
Adjudication and other fines	86,800	86,800	92,103	5,303
Total fines and forfeits	1,067,900	1,067,900	1,061,999	(5,901)
<b>INVESTMENT INCOME</b>	525,000	525,000	493,591	(31,409)
<b>MISCELLANEOUS</b>				
Reimbursements and refunds	112,800	114,210	170,335	56,125
Private activity bonds	50,000	50,000	-	(50,000)
Donations	-	4,409	4,709	300
Other	3,500	3,500	7,900	4,400
Total miscellaneous	166,300	172,119	182,944	10,825
<b>TOTAL REVENUES</b>	<b>\$ 47,734,740</b>	<b>\$ 47,834,724</b>	<b>\$ 47,954,883</b>	<b>\$ 120,159</b>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>GENERAL GOVERNMENT</b>				
Mayor and council	\$ 371,430	\$ 371,430	\$ 361,546	\$ (9,884)
Boards and commissions				
Planning commission	6,520	6,520	3,451	(3,069)
Zoning board	7,855	7,855	4,984	(2,871)
Fire and police commission	29,640	29,640	36,208	6,568
Board of health	6,400	6,400	4,236	(2,164)
Beautification commission	34,650	34,650	34,072	(578)
Administration				
Village manager	681,245	721,245	714,487	(6,758)
Human resources	537,505	537,505	512,251	(25,254)
Liability insurance	1,555,000	3,193,000	3,193,000	-
Administrative services				
Administration	153,755	258,860	251,503	(7,357)
Streetfest	205,135	205,135	224,856	19,721
Cable TV	29,900	100,450	75,974	(24,476)
Village phone system	242,320	242,320	292,151	49,831
Administrative adjudication	91,240	91,240	89,757	(1,483)
Village clerk	194,480	194,480	171,995	(22,485)
Legal services				
Village attorney	440,680	440,680	465,010	24,330
Village prosecutor	41,400	41,400	41,167	(233)
Labor and collective bargaining	-	-	1,853	1,853
Finance and operations				
Financial administration	388,770	388,770	400,449	11,679
Customer services	467,390	500,090	425,172	(74,918)
Accounting	449,250	459,250	385,766	(73,484)
Information systems				
Information systems	863,230	1,009,160	996,374	(12,786)
GIS	177,990	177,990	177,756	(234)
Community services				
Administration	275,930	275,930	276,186	256
Permits and inspections	912,045	841,109	788,591	(52,518)
Code compliance	438,385	438,385	440,584	2,199
Health inspections	378,355	378,355	376,815	(1,540)
Planning and economic development				
Planning and zoning	436,470	433,470	402,778	(30,692)
Community development	74,375	74,375	49,336	(25,039)
Community development reimbursement	(84,920)	(84,920)	(84,918)	2
Economic development	63,815	63,815	34,112	(29,703)
Less administrative fees				
Sewerage Fund	(300,000)	(300,000)	(300,000)	-
Motor Vehicle Parking System Fund	(100,000)	(100,000)	(100,000)	-
Total general government	9,070,240	11,038,589	10,747,502	(291,087)

(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, 2008

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>PUBLIC SAFETY</b>				
Police department				
Administration	\$ 971,050	\$ 982,210	\$ 984,816	\$ 2,606
Support services	2,571,595	2,571,595	2,515,476	(56,119)
Field operations	13,876,685	14,042,780	14,236,632	193,852
Total police department	17,419,330	17,596,585	17,736,924	140,339
Fire department				
Administration	647,030	690,080	675,404	(14,676)
Fire protection and paramedic services	11,723,685	11,807,815	12,035,930	228,115
Fire prevention	610,320	610,320	633,324	23,004
Fire training	254,840	254,840	250,449	(4,391)
Foreign fire insurance program	45,500	51,035	34,041	(16,994)
Emergency management	134,755	159,759	158,506	(1,253)
Total fire department	13,416,130	13,573,849	13,787,654	213,805
Total public safety	30,835,460	31,170,434	31,524,578	354,144
<b>PUBLIC WORKS</b>				
Public works				
Administration	852,115	852,690	858,009	5,319
Building and grounds	614,285	624,115	607,026	(17,089)
Electrical maintenance	403,140	406,360	411,295	4,935
Forestry	1,112,050	1,164,765	1,143,091	(21,674)
Street maintenance	2,235,370	2,756,520	3,321,054	564,534
Engineering	516,275	516,275	508,941	(7,334)
Total public works	5,733,235	6,320,725	6,849,416	528,691
<b>TOTAL EXPENDITURES</b>	<b>\$ 45,638,935</b>	<b>\$ 48,529,748</b>	<b>\$ 49,121,496</b>	<b>\$ 591,748</b>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
DOWNTOWN TIF FUND

For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>ECONOMIC DEVELOPMENT</b>				
Administration	\$ 50,000	\$ 50,000	\$ 257,602	\$ 207,602
Project expenditures				
Block 31 (Providence)	-	5,595	6,296	701
Block 22 (Smith/Wilson Parking Deck)	-	4,000	4,000	-
Block 26 (Emmett's)	-	2,015	2,013	(2)
Block 27 (Palatine Place)	125,000	125,000	154,088	29,088
Blocks 4, 5 and 7 (Palatine Station)	-	-	131	131
Railwalk	100,000	246,627	246,630	3
Palatine Road reconstruction	455,000	86,000	85,703	(297)
Block 3 (Preserves)	-	-	271,963	271,963
Block 18 (Heritage)	-	-	175	175
Mint Julep Restaurant	-	10,000	10,000	-
Downtown maintenance	72,200	72,200	72,428	228
Public improvements	-	11,854	11,814	(40)
Watermain improvements	265,000	77,325	77,322	(3)
Street improvements	696,000	155,350	155,349	(1)
Total project expenditures	1,713,200	795,966	1,097,912	301,946
Land acquisition				
Block 3 (Preserves)	400,000	1,131,675	800,000	(331,675)
Block 19 (Stratford)	360,000	260,000	260,000	-
Block 18 (Heritage)	850,000	1,350,000	850,000	(500,000)
Block 27 (Palatine Place)	-	6,057,377	26,736	(6,030,641)
Palatine Road reconstruction	1,000,000	-	-	-
Total land acquisition	2,610,000	8,799,052	1,936,736	(6,862,316)
<b>DEBT SERVICE</b>				
Principal payments	2,360,955	2,360,955	2,349,337	(11,618)
Interest and fiscal charges	1,883,180	1,883,180	1,882,470	(710)
Total debt service	4,244,135	4,244,135	4,231,807	(12,328)
<b>TOTAL EXPENDITURES</b>	<b>\$ 8,617,335</b>	<b>\$ 13,889,153</b>	<b>\$ 7,524,057</b>	<b>\$ (6,365,096)</b>

(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, 2008

	Original and Final Budget	Actual
REVENUES		
Property taxes	\$ 2,610,510	\$ 2,600,223
Investment income	8,805	59,232
Total revenues	2,619,315	2,659,455
EXPENDITURES		
Debt service		
Principal	2,060,070	2,060,070
Interest	550,445	550,441
Fiscal charges	15,000	6,050
Total expenditures	2,625,515	2,616,561
NET CHANGE IN FUND BALANCE	\$ (6,200)	42,894
FUND BALANCE, JANUARY 1		2,253,938
FUND BALANCE, DECEMBER 31		\$ 2,296,832

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL OBLIGATION BOND FUND

For the Year Ended December 31, 2008

	Original and Final Budget	Actual
DEBT SERVICE		
General obligation bond		
Series 1999		
Principal retirement	\$ 180,080	\$ 180,080
Interest	74,805	74,805
Total series 1999	254,885	254,885
Series 1999A		
Interest	11,105	11,103
Series 2000		
Principal retirement	1,366,000	1,366,000
Interest	299,220	299,220
Total series 2000	1,665,220	1,665,220
Series 2000B		
Principal retirement	65,830	65,830
Interest	37,450	37,448
Total series 2000B	103,280	103,278
Refunding series 2003		
Principal retirement	352,650	352,650
Interest	60,725	60,725
Total refunding series 2003	413,375	413,375
Equipment series 2004		
Principal	90,000	90,000
Interest	4,500	4,500
Total equipment series 2004	94,500	94,500
Refunding series 2004C		
Principal retirement	3,130	3,130
Interest	46,380	46,380
Total refunding series 2004C	49,510	49,510
Refunding series 2005		
Principal retirement	2,380	2,380
Interest	16,260	16,260
Total refunding series 2005	18,640	18,640
Fiscal charges	15,000	6,050
TOTAL EXPENDITURES	\$ 2,625,515	\$ 2,616,561

(See independent auditor's report.)



VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
TAX INCREMENT REVENUE REFUNDING BOND SERIES OF 1998 FUND

For the Year Ended December 31, 2008

	Final Budget	Actual
REVENUES		
Property taxes	\$ 3,807,520	\$ 3,573,439
Investment income	132,000	273,320
Total revenues	3,939,520	3,846,759
EXPENDITURES		
Debt service		
Principal	7,555,000	7,555,000
Interest	444,235	486,735
Fiscal charges	7,500	-
Total expenditures	8,006,735	8,041,735
NET CHANGE IN FUND BALANCE	<u>\$ (4,067,215)</u>	(4,194,976)
FUND BALANCE, JANUARY 1		<u>12,588,735</u>
FUND BALANCE, DECEMBER 31		<u>\$ 8,393,759</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
RESERVED - RESTRICTED ACCOUNTS  
TAX INCREMENT REVENUE REFUNDING BOND SERIES OF 1998 FUND

For the Year Ended December 31, 2008

	Program Account	Bond and Interest Account	Bond Reserve Account	Special Redemption Account	Incremental Property Tax Account	Totals
<b>REVENUES</b>						
Property taxes						
Dundee Road TIF	\$ -	\$ -	\$ -	\$ -	\$ 3,149,295	\$ 3,149,295
Rand/Dundee TIF	-	-	-	-	424,144	424,144
Investment income	63	20,192	133,940	87,436	31,689	273,320
Total revenues	63	20,192	133,940	87,436	3,605,128	3,846,759
<b>EXPENDITURES</b>						
Debt service						
Principal	-	7,555,000	-	-	-	7,555,000
Interest and fiscal charges	-	486,735	-	-	-	486,735
Total expenditures	-	8,041,735	-	-	-	8,041,735
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	63	(8,021,543)	133,940	87,436	3,605,128	(4,194,976)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	3,500	8,242,933	-	-	-	8,246,433
Transfers (out)	-	-	(133,940)	(3,405,498)	(4,706,995)	(8,246,433)
Total other financing sources (uses)	3,500	8,242,933	(133,940)	(3,405,498)	(4,706,995)	-
NET CHANGE IN FUND BALANCE	3,563	221,390	-	(3,318,062)	(1,101,867)	(4,194,976)
FUND BALANCE, JANUARY 1	3,606	1,728,110	2,429,000	7,279,894	1,148,125	12,588,735
FUND BALANCE, DECEMBER 31	\$ 7,169	\$ 1,949,500	\$ 2,429,000	\$ 3,961,832	\$ 46,258	\$ 8,393,759

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services	\$ 6,873,400	\$ 6,873,400	\$ 6,125,068
Miscellaneous	22,300	22,300	35,977
Total operating revenues	6,895,700	6,895,700	6,161,045
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Costs of sales and services	5,565,950	5,487,820	5,233,544
Total operating expenses excluding depreciation	5,565,950	5,487,820	5,233,544
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	1,329,750	1,407,880	927,501
DEPRECIATION AND AMORTIZATION	-	-	535,300
OPERATING INCOME (LOSS)	1,329,750	1,407,880	392,201
NONOPERATING REVENUES (EXPENSES)			
Investment income	30,000	30,000	47,911
Interest expense	(1,074,000)	(1,074,000)	(537,668)
Loss on disposal of capital assets	-	-	(47,610)
Income from joint venture	2,700	6,200	294,123
Total nonoperating revenues (expenses)	(1,041,300)	(1,037,800)	(243,244)
CHANGE IN NET ASSETS	\$ 288,450	\$ 370,080	148,957
NET ASSETS, JANUARY 1			16,816,745
NET ASSETS, DECEMBER 31			\$ 16,965,702

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING REVENUES - BUDGET AND ACTUAL  
WATERWORKS FUND

For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual
<b>CHARGES FOR SERVICES</b>			
Water use fees			
Incorporated	\$ 4,833,125	\$ 4,833,125	\$ 4,415,730
Unincorporated	1,211,825	1,211,825	1,103,422
Other	26,800	26,800	48,769
Water penalties			
Incorporated	62,000	62,000	52,999
Unincorporated	9,000	9,000	8,582
User charge			
Incorporated	380,350	380,350	356,746
Unincorporated	17,800	17,800	20,992
Water surcharge	90,000	90,000	28,499
Water extension fee	154,000	154,000	55,856
Water tap fees	35,000	35,000	8,452
Water meter sales	48,500	48,500	15,271
Turn-on/service fees	5,000	5,000	9,750
Total charges for services	6,873,400	6,873,400	6,125,068
<b>MISCELLANEOUS</b>			
Park district fees	22,300	22,300	30,364
Other state grants	-	-	946
Reimbursements	-	-	4,667
Total miscellaneous	22,300	22,300	35,977
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 6,895,700</b>	<b>\$ 6,895,700</b>	<b>\$ 6,161,045</b>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL  
WATERWORKS FUND

For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual
<b>COSTS OF SALES AND SERVICES</b>			
Finance and operations			
Customer services	\$ 391,715	\$ 402,215	\$ 400,235
Accounting services	44,000	44,000	50,798
Total finance and operations	435,715	446,215	451,033
Engineering	96,555	96,555	97,193
Public works			
Administration	21,410	21,410	20,455
Building and grounds maintenance			
Mechanical equipment maintenance	21,170	21,170	17,243
Custodial general maintenance	99,210	99,210	54,028
Electrical maintenance			
Water system maintenance	3,510	3,510	177
Building maintenance	189,360	195,800	204,614
Water maintenance			
Supply maintenance	723,105	740,135	710,537
Distribution maintenance	485,575	492,180	507,100
Service and meter maintenance	191,340	194,560	183,822
Forestry			
Landscape - beautification	5,000	5,000	3,525
Northwest Water Commission - water purchase	2,624,000	2,624,000	2,612,065
Total public works	4,363,680	4,396,975	4,313,566
Operations - other			
Capital projects			
Village wide watermain	135,000	487,645	487,632
Water tank maintenance	50,000	358,897	349,781
Alternative water supply	250,000	875	875
Watermain extensions	360,000	14,800	14,801
Village facility landscaping	10,000	10,000	6,300
Utilities SCADA system	-	1,051,223	887,728
Less nonoperating items - capital assets	(135,000)	(1,375,365)	(1,375,365)
Total operations - other	670,000	548,075	371,752
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 5,565,950</b>	<b>\$ 5,487,820</b>	<b>\$ 5,233,544</b>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF CAPITAL ASSETS AND ACCUMULATED DEPRECIATION  
WATERWORKS FUND

For the Year Ended December 31, 2008

Capital Assets				
	Restated Balances January 1	Additions	Retirements	Balances December 31
Land	\$ 740,200	\$ -	\$ -	\$ 740,200
Construction in progress	661,210	887,730	-	1,548,940
Machinery and equipment	403,885	-	-	403,885
Water system	21,964,645	487,635	69,260	22,383,020
<b>TOTAL</b>	<b>\$ 23,769,940</b>	<b>\$ 1,375,365</b>	<b>\$ 69,260</b>	<b>\$ 25,076,045</b>
Accumulated Depreciation				
	Restated Balances January 1	Provisions	Retirements	Balances December 31
Machinery and equipment	\$ 282,355	\$ 53,810	\$ -	\$ 336,165
Water system	10,236,890	481,490	21,650	10,696,730
<b>TOTAL</b>	<b>\$ 10,519,245</b>	<b>\$ 535,300</b>	<b>\$ 21,650</b>	<b>\$ 11,032,895</b>
<b>NET ASSET VALUE</b>				<b>\$ 14,043,150</b>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services	\$ 2,896,320	\$ 2,896,320	\$ 2,828,724
Miscellaneous	500	500	(5,338)
Total operating revenues	2,896,820	2,896,820	2,823,386
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Costs of sales and services	2,641,610	2,289,643	2,354,758
Total operating expenses	2,641,610	2,289,643	2,354,758
OPERATING INCOME BEFORE DEPRECIATION	255,210	607,177	468,628
DEPRECIATION AND AMORTIZATION	-	-	1,116,235
OPERATING INCOME	255,210	607,177	(647,607)
NONOPERATING REVENUES (EXPENSES)			
Investment income	125,000	125,000	49,669
Loss on disposal of capital assets	-	-	(12,640)
Proceeds from the issuance of bonds	3,375,000	4,500,000	-
Interest and fiscal charges	(891,000)	(891,000)	(421,208)
Total nonoperating revenues (expenses)	2,609,000	3,734,000	(384,179)
CHANGE IN NET ASSETS	\$ 2,864,210	\$ 4,341,177	(1,031,786)
NET ASSETS, JANUARY 1			15,042,009
Prior period adjustment			4,876,645
NET ASSETS, JANUARY 1, AS RESTATED			19,918,654
NET ASSETS, DECEMBER 31			\$ 18,886,868

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING REVENUES - BUDGET AND ACTUAL  
SEWERAGE FUND

For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual
<b>OPERATING REVENUES</b>			
Charges for services			
Sewer use fees			
Incorporated	\$ 1,311,210	\$ 1,311,210	\$ 1,332,449
Unincorporated	259,210	259,210	233,763
Sewer penalties			
Incorporated	25,000	25,000	29,113
Unincorporated	1,500	1,500	2,211
Sewer connection fees	20,000	20,000	4,479
50/50 sewer extension fees	-	-	6,600
Surcharges			
Sewer separation surcharge	131,000	131,000	139,873
Dunhaven surcharge	800	800	578
Fair Meadows surcharge	1,600	1,600	1,553
Flood control surcharge	1,146,000	1,146,000	1,078,105
Miscellaneous	500	500	(5,338)
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 2,896,820</b>	<b>\$ 2,896,820</b>	<b>\$ 2,823,386</b>

(See independent auditor's report.)



VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL  
SEWERAGE FUND

For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual
<b>OPERATING EXPENSES</b>			
Costs of sales and services			
Public works			
Water system maintenance	\$ 1,530	\$ 1,530	\$ 1,098
Sewer maintenance			
Collection system	453,140	463,200	492,929
Flood control	149,330	152,550	156,519
Total public works	604,000	617,280	650,546
Engineering	85,225	85,225	85,921
Operations - other			
Administrative fees - General Fund	300,000	300,000	300,000
Capital Projects			
Sanitary lift station improvements	190,000	254,000	259,610
Sanitary sewer sliplining	150,000	150,000	148,660
50/50 sewer extension project	82,000	87,727	92,242
Storm inlet construction program	65,000	61,240	54,363
Salt Creek outfall structure	-	-	-
Storm sewer replacement and extension	250,000	81,995	8,574
Storm sewer sliplining	60,000	57,285	52,552
Flood mitigation	50,000	12,356	12,191
Bridges and culverts	60,000	62,715	61,257
Winston Park flood improvements	-	414,540	414,543
Emergency power systems	-	200,140	196,346
Rand Road sanitary sewer	-	-	-
Motor vehicles	48,000	48,000	48,819
Open drainage modification program	50,000	8,590	8,588
Gilbert/Glade storm water	16,735	16,735	16,733
Palanois Park improvements	85,815	85,815	85,816
South Central improvements	395,140	395,140	395,141
Village wide improvements	319,695	319,695	319,692
Creek outfall structure	20,000	-	-
Other projects	-	-	-
Less nonoperating items - capital assets	(190,000)	(968,835)	(856,836)
Total operations - other	1,952,385	1,587,138	1,618,291
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 2,641,610</b>	<b>\$ 2,289,643</b>	<b>\$ 2,354,758</b>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF CAPITAL ASSETS AND ACCUMULATED DEPRECIATION  
SEWERAGE FUND

For the Year Ended December 31, 2008

	Capital Assets			
	Restated	Additions	Retirements	Balances
	Balances January 1			December 31
Machinery and equipment	\$ 247,945	\$ -	\$ 26,495	\$ 221,450
Sewer system	53,437,760	856,836	22,100	54,272,496
<b>TOTAL</b>	<b>\$ 53,685,705</b>	<b>\$ 856,836</b>	<b>\$ 48,595</b>	<b>\$ 54,493,946</b>
	Accumulated Depreciation			
	Restated	Provisions	Retirements	Balances
	Balances January 1			December 31
Machinery and equipment	\$ 77,715	\$ 22,150	\$ 26,495	\$ 73,370
Sewer system	27,022,085	1,094,085	9,460	28,106,710
<b>TOTAL</b>	<b>\$ 27,099,800</b>	<b>\$ 1,116,235</b>	<b>\$ 35,955</b>	<b>\$ 28,180,080</b>
 NET ASSET VALUE				 <u><u>\$ 26,313,866</u></u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Parking fees	\$ 606,500	\$ 606,500	\$ 644,367
Miscellaneous	18,000	18,000	18,811
Total operating revenues	624,500	624,500	663,178
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Costs of sales and services	751,870	842,089	792,542
Total operating expenses	751,870	842,089	792,542
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(127,370)	(217,589)	(129,364)
DEPRECIATION	-	-	773,660
OPERATING INCOME (LOSS)	(127,370)	(217,589)	(903,024)
NONOPERATING REVENUES (EXPENSES)			
Investment income	50,000	50,000	20,593
CHANGE IN NET ASSETS	<u>\$ (77,370)</u>	<u>\$ (167,589)</u>	(882,431)
NET ASSETS, JANUARY 1			<u>14,878,649</u>
NET ASSETS, DECEMBER 31			<u>\$ 13,996,218</u>

(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, 2008

	Original Budget	Final Budget	Actual
<hr/>			
COSTS OF SALES AND SERVICES			
Motor vehicle parking			
Commuter station	\$ 459,770	\$ 459,770	\$ 569,123
Finance - customer services	104,100	104,100	92,627
	<hr/>		
Total motor vehicle parking	563,870	563,870	661,750
	<hr/>		
Operations - other			
Administrative fees - General Fund	100,000	100,000	100,000
Capital projects			
Parking deck/platform improvements	30,000	139,469	-
Parking deck maintenance	30,000	17,750	17,747
Train station maintenance	15,000	15,000	7,045
Train station improvements	13,000	6,000	6,000
	<hr/>		
Total operations - other	188,000	278,219	130,792
	<hr/>		
TOTAL OPERATING EXPENSES	\$ 751,870	\$ 842,089	\$ 792,542
	<hr/>		

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF CAPITAL ASSETS AND ACCUMULATED DEPRECIATION  
MOTOR VEHICLE PARKING SYSTEM FUND

For the Year Ended December 31, 2008

	Capital Assets			
	Balances	Additions	Retirements	Balances
	January 1			December 31
Land	\$ 2,165,938	\$ -	\$ -	\$ 2,165,938
Improvements	15,673,130	-	-	15,673,130
TOTAL	\$ 17,839,068	\$ -	\$ -	\$ 17,839,068
	Accumulated Depreciation			
	Balances	Provisions	Retirements	Balances
	January 1			December 31
Improvements	\$ 4,045,300	\$ 773,660	\$ -	\$ 4,818,960
NET ASSET VALUE				<u>\$ 13,020,108</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2008

	Final Budget	Actual
OPERATING REVENUES		
Charges for services		
Refuse billing	\$ 4,489,760	\$ 4,518,301
Other federal grants	-	36,584
Miscellaneous	-	107,967
Total operating revenues	4,489,760	4,662,852
OPERATING EXPENSES		
Refuse collection	4,529,970	4,279,643
Total operating expenses	4,529,970	4,279,643
OPERATING INCOME (LOSS)	(40,210)	383,209
NONOPERATING REVENUES		
Investment income	20,000	31,888
CHANGE IN NET ASSETS	\$ (20,210)	415,097
NET ASSETS, JANUARY 1		887,239
NET ASSETS, DECEMBER 31		\$ 1,302,336

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BOND SERIES OF 1989  
CAPITAL APPRECIATION BONDS

December 31, 2008

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Date of Issue	December 1, 1989
Date of Maturity	January 1, 2016
Amount Issued	\$1,142,790
Denomination of Bonds	\$5,000
Interest Rates	7.10%
Interest Dates	January 1, 2014, 2015, 2016
Principal Maturity Date	January 1, 2014, 2015, 2016
Paying Agent	U. S. Bank

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On	
	Principal	Interest	Totals	January 1	Amount
2013	\$ 317,473	\$ 1,377,527	\$ 1,695,000	2014	\$ 1,377,527
2014	523,137	2,471,863	2,995,000	2015	2,471,863
2015	302,180	1,552,820	1,855,000	2016	1,552,820
	<u>\$ 1,142,790</u>	<u>\$ 5,402,210</u>	<u>\$ 6,545,000</u>		<u>\$ 5,402,210</u>

ACCRETED VALUE OF BONDS

January 1	Value	January 1	Value
1998	\$ 2,005,492	2008	\$ 4,020,594
1999	2,149,948	2009	4,310,197
2000	2,304,808	2010	4,620,661
2001	2,470,824	2011	4,953,487
2002	2,648,797	2012	5,310,287
2003	2,839,590	2013	5,692,787
2004	3,044,126	2014	6,102,837
2005	3,263,394	2015	4,725,348
2006	3,498,456	2016	1,855,000
2007	3,750,450		

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BOND SERIES OF 1999

December 31, 2008

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Date of Issue	January 1, 1999
Date of Maturity	December 1, 2015
Amount Issued	\$6,915,000
Denomination of Bonds	\$5,000
Interest Rates	3.75% - 4.10%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Bank of New York

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2008	\$ 275,000	\$ 99,220	\$ 374,220	2009	\$ 49,610	2009	\$ 49,610
2009	275,000	87,945	362,945	2010	43,973	2010	43,972
2010	280,000	76,670	356,670	2011	38,335	2011	38,335
2011	290,000	65,190	355,190	2012	32,595	2012	32,595
2012	300,000	53,300	353,300	2013	26,650	2013	26,650
2013	310,000	41,000	351,000	2014	20,500	2014	20,500
2014	690,000	28,290	718,290	2015	14,145	2015	14,145
	<u>\$ 2,420,000</u>	<u>\$ 451,615</u>	<u>\$ 2,871,615</u>		<u>\$ 225,808</u>		<u>\$ 225,807</u>

(See independent auditor's report.)



VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION BOND SERIES OF 1999A

December 31, 2008

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Date of Issue	December 1, 1999
Date of Maturity	December 1, 2013
Amount Issued	\$3,085,000
Denomination of Bonds	\$5,000
Interest Rates	5.15%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Bank of New York

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2008	\$ -	\$ 22,402	\$ 22,402	2009	\$ 11,201	2009	\$ 11,201
2009	-	22,402	22,402	2010	11,201	2010	11,201
2010	-	22,402	22,402	2011	11,201	2011	11,201
2011	300,000	22,402	322,402	2012	11,201	2012	11,201
2012	135,000	6,952	141,952	2013	3,476	2013	3,476
	<u>\$ 435,000</u>	<u>\$ 96,560</u>	<u>\$ 531,560</u>		<u>\$ 48,280</u>		<u>\$ 48,280</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BOND SERIES OF 2000

December 31, 2008

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Date of Issue	January 1, 2000
Date of Maturity	December 1, 2011
Amount Issued	\$21,065,000
Denomination of Bonds	\$5,000
Interest Rates	4.75% - 5.10%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Bank of New York

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2008	\$ 1,950,000	\$ 312,720	\$ 2,262,720	2009	\$ 156,360	2009	\$ 156,360
2009	2,055,000	215,220	2,270,220	2010	107,610	2010	107,610
2010	2,165,000	110,416	2,275,416	2011	55,208	2011	55,208
	<u>\$ 6,170,000</u>	<u>\$ 638,356</u>	<u>\$ 6,808,356</u>		<u>\$ 319,178</u>		<u>\$ 319,178</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION BOND SERIES OF 2000B

December 31, 2008

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Date of Issue	December 1, 2000
Date of Maturity	December 1, 2015
Amount Issued	\$1,965,000
Denomination of Bonds	\$5,000
Interest Rates	4.625% - 5.250%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Bank of New York

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2008	\$ 120,000	\$ 57,352	\$ 177,352	2009	\$ 28,676	2009	\$ 28,676
2009	120,000	51,652	171,652	2010	25,826	2010	25,826
2010	120,000	45,952	165,952	2011	22,976	2011	22,976
2011	125,000	40,102	165,102	2012	20,051	2012	20,051
2012	135,000	33,852	168,852	2013	16,926	2013	16,926
2013	140,000	26,968	166,968	2014	13,484	2014	13,484
2014	375,000	19,688	394,688	2015	9,844	2015	9,844
	<u>\$ 1,135,000</u>	<u>\$ 275,566</u>	<u>\$ 1,410,566</u>		<u>\$ 137,783</u>		<u>\$ 137,783</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BOND SERIES OF 2001

December 31, 2008

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Date of Issue	July 1, 2001
Date of Maturity	December 1, 2016
Amount Issued	\$14,565,000
Denomination of Bonds	\$5,000
Interest Rates	4.50% - 5.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Bank of New York

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2008	\$ 640,000	\$ 691,463	\$ 1,331,463	2009	\$ 345,732	2009	\$ 345,731
2009	1,390,000	662,663	2,052,663	2010	331,332	2010	331,331
2010	1,450,000	600,113	2,050,113	2011	300,057	2011	300,056
2011	2,015,000	531,238	2,546,238	2012	265,619	2012	265,619
2012	2,115,000	435,525	2,550,525	2013	217,763	2013	217,762
2013	2,215,000	335,063	2,550,063	2014	167,532	2014	167,531
2014	2,860,000	229,850	3,089,850	2015	114,925	2015	114,925
2015	1,880,000	94,000	1,974,000	2016	47,000	2016	47,000
	<u>\$ 14,565,000</u>	<u>\$ 3,579,915</u>	<u>\$ 18,144,915</u>		<u>\$ 1,789,960</u>		<u>\$ 1,789,955</u>

Note: This bond issue is funded by incremental revenues generated from the Downtown TIF District.

VILLAGE OF PALATINE, ILLINOIS  
LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION TAXABLE BOND SERIES OF 2001

December 31, 2008

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Date of Issue	July 1, 2001
Date of Maturity	December 1, 2009
Amount Issued	\$3,205,000
Denomination of Bonds	\$5,000
Interest Rates	5.60%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Bank of New York

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2008	\$ 730,000	\$ 40,880	\$ 770,880	2009	\$ 20,440	2009	\$ 20,440
	<u>\$ 730,000</u>	<u>\$ 40,880</u>	<u>\$ 770,880</u>		<u>\$ 20,440</u>		<u>\$ 20,440</u>

Note: This bond issue is funded by incremental revenues generated from the Downtown TIF District.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BOND SERIES OF 2002

December 31, 2008

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Date of Issue	July 1, 2002
Date of Maturity	December 1, 2022
Amount Issued	\$10,000,000
Denomination of Bonds	\$5,000
Interest Rates	4.05% - 5.50%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Bank of New York

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2008	\$ 415,000	\$ 337,400	\$ 752,400	2009	\$ 168,700	2009	\$ 168,700
2009	430,000	320,385	750,385	2010	160,192	2010	160,193
2010	450,000	302,755	752,755	2011	151,378	2011	151,377
2011	470,000	284,305	754,305	2012	142,152	2012	142,153
2012	490,000	265,035	755,035	2013	132,518	2013	132,517
2013	510,000	244,945	754,945	2014	122,472	2014	122,473
2014	535,000	223,525	758,525	2015	111,763	2015	111,762
2015	560,000	201,055	761,055	2016	100,527	2016	100,528
2016	585,000	177,255	762,255	2017	88,628	2017	88,627
2017	610,000	152,100	762,100	2018	76,050	2018	76,050
2018	640,000	125,260	765,260	2019	62,630	2019	62,630
2019	675,000	96,460	771,460	2020	48,230	2020	48,230
2020	705,000	65,748	770,748	2021	32,874	2021	32,874
2021	740,000	33,670	773,670	2022	16,835	2022	16,835
	<u>\$ 7,815,000</u>	<u>\$ 2,829,898</u>	<u>\$ 10,644,898</u>		<u>\$ 1,414,949</u>		<u>\$ 1,414,949</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION REFUNDING TAXABLE BOND SERIES OF 2003

December 31, 2008

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Date of Issue	January 1, 2003
Date of Maturity	December 1, 2012
Amount Issued	\$2,975,000
Denomination of Bonds	\$5,000
Interest Rates	2.85% to 4.90%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Bank of New York

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2008	\$ 375,000	\$ 75,103	\$ 450,103	2009	\$ 37,552	2009	\$ 37,551
2009	395,000	59,165	454,165	2010	29,582	2010	29,581
2010	410,000	40,995	450,995	2011	20,498	2011	20,499
2011	435,000	21,315	456,315	2012	10,657	2012	10,658
	<u>\$ 1,615,000</u>	<u>\$ 196,578</u>	<u>\$ 1,811,578</u>		<u>\$ 98,289</u>		<u>\$ 98,289</u>

Note: This bond issue is funded by incremental revenues generated from the Downtown TIF District.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BOND SERIES OF 2003

December 31, 2008

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Date of Issue	October 1, 2003
Date of Maturity	December 1, 2013
Amount Issued	\$4,625,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 3.30%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Bank of New York

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2008	\$ 525,000	\$ 73,575	\$ 598,575	2009	\$ 36,788	2009	\$ 36,787
2009	525,000	59,400	584,400	2010	29,700	2010	29,700
2010	575,000	43,650	618,650	2011	21,825	2011	21,825
2011	575,000	25,825	600,825	2012	12,912	2012	12,913
2012	225,000	7,425	232,425	2013	3,712	2013	3,713
	<u>\$ 2,425,000</u>	<u>\$ 209,875</u>	<u>\$ 2,634,875</u>		<u>\$ 104,937</u>		<u>\$ 104,938</u>

(See independent auditor's report.)



VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION TAX INCREMENT BOND SERIES OF 2003

December 31, 2008

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Date of Issue	October 30, 2003
Date of Maturity	December 1, 2013
Amount Issued	\$990,000
Denomination of Bonds	\$5,000
Interest Rates	3.41%
Interest Dates	June 1 and December 1
Principal Maturity Date	June 1 and December 1
Paying Agent	Bank of New York

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2009	\$ 109,582	\$ 19,087	\$ 128,669	2009	\$ 10,007	2009	\$ 9,080
2010	113,350	15,319	128,669	2010	8,139	2010	7,180
2011	117,249	11,421	128,670	2011	6,206	2011	5,215
2012	121,281	7,388	128,669	2012	4,207	2012	3,181
2013	125,452	3,217	128,669	2013	2,139	2013	1,078
	<u>\$ 586,914</u>	<u>\$ 56,432</u>	<u>\$ 643,346</u>		<u>\$ 30,698</u>		<u>\$ 25,734</u>

Note: This bond issue is funded by incremental revenues generated from the Downtown TIF District.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BOND SERIES OF 2004

December 31, 2008

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Date of Issue	March 1, 2004
Date of Maturity	December 1, 2017
Amount Issued	\$1,900,000
Denomination of Bonds	\$5,000
Interest Rates	2.500% to 3.875%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Bank of New York

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2008	\$ 150,000	\$ 47,860	\$ 197,860	2009	\$ 23,930	2009	\$ 23,930
2009	150,000	44,112	194,112	2010	22,056	2010	22,056
2010	150,000	40,062	190,062	2011	20,031	2011	20,031
2011	150,000	35,562	185,562	2012	17,781	2012	17,781
2012	150,000	30,874	180,874	2013	15,437	2013	15,437
2013	175,000	25,812	200,812	2014	12,906	2014	12,906
2014	175,000	19,688	194,688	2015	9,844	2015	9,844
2015	175,000	13,344	188,344	2016	6,672	2016	6,672
2016	175,000	6,781	181,781	2017	3,390	2017	3,391
	<u>\$ 1,450,000</u>	<u>\$ 264,095</u>	<u>\$ 1,714,095</u>		<u>\$ 132,047</u>		<u>\$ 132,048</u>

Note: This bond issue is funded by incremental revenues generated from the Downtown TIF District.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS  
LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION TAXABLE BOND SERIES OF 2004A

December 31, 2008

Date of Issue	March 1, 2004
Date of Maturity	December 1, 2022
Amount Issued	\$7,500,000
Denomination of Bonds	\$5,000
Interest Rates	4.125% to 5.200%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Bank of New York

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2008	\$ 340,000	\$ 312,033	\$ 652,033	2009	\$ 156,016	2009	\$ 156,017
2009	350,000	297,921	647,921	2010	148,961	2010	148,960
2010	365,000	283,396	648,396	2011	141,698	2011	141,698
2011	385,000	268,066	653,066	2012	134,033	2012	134,033
2012	405,000	250,934	655,934	2013	125,467	2013	125,467
2013	425,000	232,506	657,506	2014	116,253	2014	116,253
2014	445,000	212,742	657,742	2015	106,371	2015	106,371
2015	465,000	191,827	656,827	2016	95,914	2016	95,913
2016	490,000	169,740	659,740	2017	84,870	2017	84,870
2017	515,000	146,220	661,220	2018	73,110	2018	73,110
2018	545,000	121,243	666,243	2019	60,622	2019	60,621
2019	575,000	93,993	668,993	2020	46,996	2020	46,997
2020	610,000	64,955	674,955	2021	32,477	2021	32,478
2021	645,000	33,540	678,540	2022	16,770	2022	16,770
	<u>\$ 6,560,000</u>	<u>\$ 2,679,116</u>	<u>\$ 9,239,116</u>		<u>\$ 1,339,558</u>		<u>\$ 1,339,558</u>

Note: This bond issue is funded by incremental revenues generated from the Downtown TIF District.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION EQUIPMENT BOND SERIES OF 2004

December 31, 2008

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Date of Issue	March 1, 2004
Date of Maturity	December 1, 2009
Amount Issued	\$440,000
Denomination of Bonds	\$5,000
Interest Rates	2.50%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Bank of New York

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2008	\$ 90,000	\$ 2,250	\$ 92,250	2009	\$ 1,125	2009	\$ 1,125
	<u>\$ 90,000</u>	<u>\$ 2,250</u>	<u>\$ 92,250</u>		<u>\$ 1,125</u>		<u>\$ 1,125</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION REFUNDING BOND SERIES OF 2004C

December 31, 2008

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Date of Issue	December 30, 2004
Date of Maturity	December 1, 2012
Amount Issued	\$2,250,000
Denomination of Bonds	\$5,000
Interest Rates	2.50% to 4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Wells Fargo

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2008	\$ 5,000	\$ 73,888	\$ 78,888	2009	\$ 36,944	2009	\$ 36,944
2009	5,000	73,725	78,725	2010	36,863	2010	36,862
2010	5,000	73,563	78,563	2011	36,781	2011	36,782
2011	1,835,000	73,400	1,908,400	2012	36,700	2012	36,700
	<u>\$ 1,850,000</u>	<u>\$ 294,576</u>	<u>\$ 2,144,576</u>		<u>\$ 147,288</u>		<u>\$ 147,288</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION REFUNDING BOND SERIES OF 2004D

December 31, 2008

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Date of Issue	December 30, 2004
Date of Maturity	December 1, 2020
Amount Issued	\$5,080,000
Denomination of Bonds	\$5,000
Interest Rates	3.00% to 4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Wells Fargo

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2008	\$ 35,000	\$ 196,876	\$ 231,876	2009	\$ 98,438	2009	\$ 98,438
2009	35,000	195,738	230,738	2010	97,869	2010	97,869
2010	35,000	194,600	229,600	2011	97,300	2011	97,300
2011	40,000	193,200	233,200	2012	96,600	2012	96,600
2012	505,000	191,600	696,600	2013	95,800	2013	95,800
2013	535,000	171,400	706,400	2014	85,700	2014	85,700
2014	580,000	150,000	730,000	2015	75,000	2015	75,000
2015	575,000	126,800	701,800	2016	63,400	2016	63,400
2016	620,000	103,800	723,800	2017	51,900	2017	51,900
2017	635,000	79,000	714,000	2018	39,500	2018	39,500
2018	650,000	53,600	703,600	2019	26,800	2019	26,800
2019	690,000	27,600	717,600	2020	13,800	2020	13,800
	<u>\$ 4,935,000</u>	<u>\$ 1,684,214</u>	<u>\$ 6,619,214</u>		<u>\$ 842,107</u>		<u>\$ 842,107</u>

Note: This bond issue is funded by incremental revenues generated from the Downtown TIF District.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION REFUNDING BOND SERIES OF 2005

December 31, 2008

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Date of Issue	January 1, 2005
Date of Maturity	December 1, 2012
Amount Issued	\$965,000
Denomination of Bonds	\$5,000
Interest Rates	4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Wells Fargo

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2008	\$ 5,000	\$ 34,000	\$ 39,000	2009	\$ 17,000	2009	\$ 17,000
2009	5,000	33,800	38,800	2010	16,900	2010	16,900
2010	5,000	33,600	38,600	2011	16,800	2011	16,800
2011	5,000	33,400	38,400	2012	16,700	2012	16,700
2012	830,000	33,200	863,200	2013	16,600	2013	16,600
	<u>\$ 850,000</u>	<u>\$ 168,000</u>	<u>\$ 1,018,000</u>		<u>\$ 84,000</u>		<u>\$ 84,000</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BOND SERIES OF 2007A

December 31, 2008

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Date of Issue	May 30, 2007
Date of Maturity	December 1, 2017
Amount Issued	\$365,000
Denomination of Bond	\$5,000
Interest Rate	4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Wells Fargo

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2008	\$ -	\$ 14,600	\$ 14,600	2009	\$ 7,300	2009	\$ 7,300
2009	-	14,600	14,600	2010	7,300	2010	7,300
2010	-	14,600	14,600	2011	7,300	2011	7,300
2011	-	14,600	14,600	2012	7,300	2012	7,300
2012	-	14,600	14,600	2013	7,300	2013	7,300
2013	-	14,600	14,600	2014	7,300	2014	7,300
2014	100,000	14,600	114,600	2015	7,300	2015	7,300
2015	100,000	10,600	110,600	2016	5,300	2016	5,300
2016	165,000	6,600	171,600	2017	3,300	2017	3,300
	<u>\$ 365,000</u>	<u>\$ 119,400</u>	<u>\$ 484,400</u>		<u>\$ 59,700</u>		<u>\$ 59,700</u>

Note: This bond issue is funded by incremental revenues generated from the Downtown TIF District.

(See independent auditor's report.)



VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION TAXABLE BOND SERIES OF 2007B

December 31, 2008

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Date of Issue	May 30, 2007
Date of Maturity	December 1, 2022
Amount Issued	\$7,335,000
Denomination of Bond	\$5,000
Interest Rate	4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Wells Fargo

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2008	\$ 355,000	\$ 368,452	\$ 723,452	2009	\$ 184,226	2009	\$ 184,226
2009	375,000	349,992	724,992	2010	174,996	2010	174,996
2010	390,000	330,492	720,492	2011	165,246	2011	165,246
2011	410,000	310,212	720,212	2012	155,106	2012	155,106
2012	430,000	288,892	718,892	2013	144,446	2013	144,446
2013	455,000	266,532	721,532	2014	133,266	2014	133,266
2014	475,000	242,872	717,872	2015	121,436	2015	121,436
2015	500,000	218,172	718,172	2016	109,086	2016	109,086
2016	525,000	192,172	717,172	2017	96,086	2017	96,086
2017	555,000	164,610	719,610	2018	82,305	2018	82,305
2018	585,000	135,472	720,472	2019	67,736	2019	67,736
2019	615,000	104,760	719,760	2020	52,380	2020	52,380
2020	645,000	71,550	716,550	2021	35,775	2021	35,775
2021	680,000	36,720	716,720	2022	18,360	2022	18,360
	<u>\$ 6,995,000</u>	<u>\$ 3,080,900</u>	<u>\$10,075,900</u>		<u>\$ 1,540,450</u>		<u>\$ 1,540,450</u>

Note: This bond issue is funded by incremental revenues generated from the Downtown TIF District.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS  
LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BOND SERIES OF 2007C

December 31, 2008

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Date of Issue	May 30, 2007
Date of Maturity	December 1, 2021
Amount Issued	\$1,215,000
Denomination of Bond	\$5,000
Interest Rate	4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Wells Fargo

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2008	\$ -	\$ 49,138	\$ 49,138	2009	\$ 24,569	2009	\$ 24,569
2009	100,000	49,138	149,138	2010	24,569	2010	24,569
2010	100,000	45,138	145,138	2011	22,569	2011	22,569
2011	100,000	41,138	141,138	2012	20,569	2012	20,569
2012	100,000	37,138	137,138	2013	18,569	2013	18,569
2013	100,000	33,138	133,138	2014	16,569	2014	16,569
2014	100,000	29,138	129,138	2015	14,569	2015	14,569
2015	100,000	25,138	125,138	2016	12,569	2016	12,569
2016	100,000	21,138	121,138	2017	10,569	2017	10,569
2017	100,000	17,138	117,138	2018	8,569	2018	8,569
2018	100,000	13,138	113,138	2019	6,569	2019	6,569
2019	100,000	9,138	109,138	2020	4,569	2020	4,569
2020	115,000	4,888	119,888	2021	2,444	2021	2,444
	<u>\$ 1,215,000</u>	<u>\$ 374,544</u>	<u>\$ 1,589,544</u>		<u>\$ 187,272</u>		<u>\$ 187,272</u>

Note: This bond issue is funded by incremental revenues generated from the Downtown TIF District.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION TAXABLE BOND SERIES OF 2007D

December 31, 2008

Date of Issue	May 30, 2007
Date of Maturity	December 1, 2026
Amount Issued	\$9,885,000
Denomination of Bond	\$5,000
Interest Rate	4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Wells Fargo

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2008	\$ 350,000	\$ 530,782	\$ 880,782	2009	\$ 265,391	2009	\$ 265,391
2009	365,000	512,582	877,582	2010	256,291	2010	256,291
2010	385,000	493,602	878,602	2011	246,801	2011	246,801
2011	400,000	473,582	873,582	2012	236,791	2012	236,791
2012	425,000	452,782	877,782	2013	226,391	2013	226,391
2013	445,000	430,682	875,682	2014	215,341	2014	215,341
2014	465,000	407,542	872,542	2015	203,771	2015	203,771
2015	490,000	383,362	873,362	2016	191,681	2016	191,681
2016	515,000	357,882	872,882	2017	178,941	2017	178,941
2017	540,000	330,846	870,846	2018	165,423	2018	165,423
2018	570,000	302,496	872,496	2019	151,248	2019	151,248
2019	600,000	272,570	872,570	2020	136,285	2020	136,285
2020	630,000	240,170	870,170	2021	120,085	2021	120,085
2021	665,000	206,150	871,150	2022	103,075	2022	103,075
2022	700,000	170,240	870,240	2023	85,120	2023	85,120
2023	740,000	131,040	871,040	2024	65,520	2024	65,520
2024	780,000	89,600	869,600	2025	44,800	2025	44,800
2025	820,000	45,920	865,920	2026	22,960	2026	22,960
	<u>\$ 9,885,000</u>	<u>\$ 5,831,830</u>	<u>\$15,716,830</u>		<u>\$ 2,915,915</u>		<u>\$ 2,915,915</u>

Note: This bond issue is funded by incremental revenues generated from the Downtown TIF District.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BOND SERIES OF 2007E

December 31, 2008

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Date of Issue	May 30, 2007
Date of Maturity	December 1, 2017
Amount Issued	\$1,520,000
Denomination of Bond	\$5,000
Interest Rate	4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Wells Fargo

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2008	\$ 130,000	\$ 55,600	\$ 185,600	2009	\$ 27,800	2009	\$ 27,800
2009	135,000	50,400	185,400	2010	25,200	2010	25,200
2010	145,000	45,000	190,000	2011	22,500	2011	22,500
2011	150,000	39,200	189,200	2012	19,600	2012	19,600
2012	155,000	33,200	188,200	2013	16,600	2013	16,600
2013	160,000	27,000	187,000	2014	13,500	2014	13,500
2014	165,000	20,600	185,600	2015	10,300	2015	10,300
2015	170,000	14,000	184,000	2016	7,000	2016	7,000
2016	180,000	7,200	187,200	2017	3,600	2017	3,600
	<u>\$ 1,390,000</u>	<u>\$ 292,200</u>	<u>\$ 1,682,200</u>		<u>\$ 146,100</u>		<u>\$ 146,100</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION BOND SERIES OF 2008

December 31, 2008

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Date of Issue	December 1, 2008
Date of Maturity	December 1, 2028
Amount Issued	\$1,520,000
Denomination of Bond	\$5,000
Interest Rate	3.375% - 4.625%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Paying Agent	Wells Fargo

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2008	\$ 130,000	\$ 188,262	\$ 318,262	2009	\$ 94,131	2009	\$ 94,131
2009	145,000	183,876	328,876	2010	91,938	2010	91,938
2010	150,000	178,982	328,982	2011	89,491	2011	89,491
2011	160,000	173,918	333,918	2012	86,959	2012	86,959
2012	170,000	168,318	338,318	2013	84,159	2013	84,159
2013	175,000	161,944	336,944	2014	80,972	2014	80,972
2014	185,000	155,162	340,162	2015	77,581	2015	77,581
2015	195,000	147,994	342,994	2016	73,997	2016	73,997
2016	205,000	140,438	345,438	2017	70,219	2017	70,219
2017	215,000	132,494	347,494	2018	66,247	2018	66,247
2018	225,000	123,894	348,894	2019	61,947	2019	61,947
2019	235,000	114,894	349,894	2020	57,447	2020	57,447
2020	250,000	105,200	355,200	2021	52,600	2021	52,600
2021	260,000	94,888	354,888	2022	47,444	2022	47,444
2022	275,000	83,838	358,838	2023	41,919	2023	41,919
2023	290,000	72,150	362,150	2024	36,075	2024	36,075
2024	305,000	59,462	364,462	2025	29,731	2025	29,731
2025	320,000	46,118	366,118	2026	23,059	2026	23,059
2026	340,000	31,718	371,718	2027	15,859	2027	15,859
2027	355,000	16,418	371,418	2028	8,209	2028	8,209
	<u>\$ 4,585,000</u>	<u>\$ 2,379,968</u>	<u>\$ 6,964,968</u>		<u>\$ 1,189,984</u>		<u>\$ 1,189,984</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
TAX INCREMENT REVENUE REFUNDING BOND SERIES OF 1998

December 31, 2008

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Date of Issue	July 30, 1998
Date of Maturity	January 1, 2015
Amount Issued	\$24,290,000
Denomination of Bonds	\$5,000
Interest Rates	3.95% - 6.00%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1
Paying Agent	Bank of New York

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due On			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2009	\$ 1,360,000	\$ 265,750	\$ 1,625,750	2009	\$ 149,875	2009	\$ 115,875
2010	1,430,000	196,000	1,626,000	2010	115,875	2010	80,125
2011	1,505,000	122,625	1,627,625	2011	80,125	2011	42,500
2012	1,700,000	42,500	1,742,500	2012	42,500	2012	-
	<u>\$ 5,995,000</u>	<u>\$ 626,875</u>	<u>\$ 6,621,875</u>		<u>\$ 388,375</u>		<u>\$ 238,500</u>

Note: This bond issue is funded by incremental revenues generated from the Downtown TIF District.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
LIMITED OBLIGATION SUBORDINATED REDEVELOPMENT NOTE SERIES 1998A

December 31, 2008

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Date of Issue	November 23, 1998
Date of Maturity	July 24, 2018
Amount Issued	\$380,000
Interest Rate	7.00% simple
Paying Agent	Village of Palatine

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Requirements*		
Principal	Interest**	Totals
\$ 380,000	\$ 218,859	\$ 598,859

\* This note is subordinated to the Tax Increment Revenue Refunding Bond Series of 1998. The source of repayment of this note is limited to the incremental taxes generated by the redevelopment project it was issued to fund. Therefore, there is no established payment schedule.

\*\* Simple interest accrued from issuance through December 31, 2008.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
LIMITED OBLIGATION SUBORDINATED REDEVELOPMENT NOTE SERIES 2000A

December 31, 2008

---

Date of Issue	August 14, 2000
Date of Maturity	July 24, 2018
Amount Issued	\$100,000
Interest Rate	7.00% simple
Paying Agent	Village of Palatine

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Requirements*		
Principal	Interest**	Totals
\$ 100,000	\$ 59,228	\$ 159,228

\* This note is subordinated to the Tax Increment Revenue Refunding Bond Series of 1998. The source of repayment of this note is limited to the incremental taxes generated by the redevelopment project it was issued to fund. Therefore, there is no established payment schedule.

\*\* Simple interest accrued from issuance through December 31, 2008.

(See independent auditor's report.)



VILLAGE OF PALATINE, ILLINOIS  
LONG-TERM DEBT REQUIREMENTS  
LIMITED OBLIGATION REDEVELOPMENT NOTE SERIES 2006A

December 31, 2008

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Date of Issue	April 3, 2006
Date of Maturity	December 31, 2026
Amount Issued	\$3,500,000
Interest Rate	4.00% simple
Paying Agent	Village of Palatine

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

<u>Requirements*</u>
<u>Principal</u>
<u>\$ 513,925</u>

\* The source of repayment of this note is limited to the incremental taxes generated by the redevelopment project it was issued to fund. Therefore, there is no established payment schedule.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS  
LONG-TERM DEBT REQUIREMENTS  
LIMITED OBLIGATION REDEVELOPMENT NOTE SERIES 2006B

December 31, 2008

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Date of Issue	April 3, 2006
Date of Maturity	December 31, 2026
Amount Issued	\$190,000
Paying Agent	Village of Palatine

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

<u>Requirements*</u>
<u>Principal</u>
<u>\$ 157,395</u>

\* The source of repayment of this note is limited to the incremental taxes generated by the redevelopment project it was issued to fund. Therefore, there is no established payment schedule.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS  
LONG-TERM DEBT REQUIREMENTS  
LIMITED OBLIGATION SUBORDINATED REDEVELOPMENT NOTE SERIES 2006A

December 31, 2008

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Date of Issue	October 16, 2006
Date of Maturity	July 24, 2018
Amount Issued	\$337,100
Interest Rate	7.00% simple
Paying Agent	Village of Palatine

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Requirements*		
Principal	Interest**	Totals
\$ 337,100	\$ 123,866	\$ 460,966

\* This note is subordinated to the Tax Increment Revenue Refunding Bond Series of 1998. The source of repayment of this note is limited to the incremental taxes generated by the redevelopment project it was issued to fund. Therefore, there is no established payment schedule.

\*\* Simple interest accrued from issuance through December 31, 2008.

(See independent auditor's report.)

## 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>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have been changed over time.	156-161
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	162-165
<b>Debt Capacity</b> The schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	166-170
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	171-172
<b>Operating Information</b> 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.	173-175

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Village implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

VILLAGE OF PALATINE, ILLINOIS

NET ASSETS BY COMPONENT

Last Four Fiscal Years

Fiscal Year	2005	2006	2007	2008
<b>GOVERNMENTAL ACTIVITIES</b>				
Invested in capital assets				
net of related debt	\$ 100,693,938	\$ 105,405,740	\$ 92,401,441	\$ 101,570,852
Restricted	19,730,260	21,578,252	24,347,626	21,004,875
Unrestricted	15,647,897	14,979,825	35,686,515	24,652,055
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 136,072,095</b>	<b>\$ 141,963,817</b>	<b>\$ 152,435,582</b>	<b>\$ 147,227,782</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Invested in capital assets				
net of related debt	\$ 26,012,558	\$ 37,479,931	\$ 32,624,663	\$ 38,558,066
Restricted	-	-	-	-
Unrestricted	17,342,996	5,306,733	14,999,979	12,593,058
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 43,355,554</b>	<b>\$ 42,786,664</b>	<b>\$ 47,624,642</b>	<b>\$ 51,151,124</b>
<b>PRIMARY GOVERNMENT</b>				
Invested in capital assets				
net of related debt	\$ 126,706,496	\$ 142,885,671	\$ 125,026,104	\$ 140,128,918
Restricted	19,730,260	21,578,252	24,347,626	21,004,875
Unrestricted	32,990,893	20,286,558	50,686,494	37,245,113
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 179,427,649</b>	<b>\$ 184,750,481</b>	<b>\$ 200,060,224</b>	<b>\$ 198,378,906</b>

Data Source

Audited Financial Statements

VILLAGE OF PALATINE, ILLINOIS

CHANGES IN NET ASSETS

Last Four Fiscal Years

Fiscal Year	2005	2006	2007	2008
<b>EXPENSES</b>				
Governmental activities				
General government	\$ 6,932,885	\$ 7,346,275	\$ 9,008,572	\$ 9,191,571
Public safety	26,321,237	28,713,081	29,416,464	31,825,692
Public works	9,713,501	8,643,238	9,080,835	13,227,490
Economic development	3,743,670	9,779,022	5,943,316	17,188,453
Interest and fiscal charges	3,762,226	4,295,123	4,340,856	3,710,426
Total government activities expenses	50,473,519	58,776,739	57,790,043	75,143,632
Business-type activities				
Water	5,862,991	5,692,588	5,876,757	6,354,122
Sewer	1,716,882	1,788,004	2,468,787	3,904,841
Parking system	1,348,318	1,395,069	1,535,188	1,566,202
Refuse collection	4,137,678	4,006,515	4,178,546	4,279,643
Total business-type activities expenses	13,065,869	12,882,176	14,059,278	16,104,808
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b>\$ 63,539,388</b>	<b>\$ 71,658,915</b>	<b>\$ 71,849,321</b>	<b>\$ 91,248,440</b>
<b>PROGRAM REVENUES</b>				
Governmental activities				
Charges for services				
General government	\$ 4,369,604	\$ 4,379,572	\$ 4,135,624	\$ 4,024,203
Public safety	2,231,093	2,518,276	2,810,527	2,864,677
Other activities	194,548	263,374	252,771	231,618
Operating grants and contributions	2,282,683	2,244,660	2,248,482	2,016,108
Capital grants and contributions	461,311	479,231	880,338	6,342,160
Total governmental activities program revenues	9,539,239	9,885,113	10,327,742	15,478,766
Business-type activities				
Charges for services				
Water	6,329,850	5,934,839	6,471,798	6,161,045
Sewer	2,169,364	2,257,277	2,681,760	2,823,386
Parking system	607,332	621,311	629,866	663,178
Refuse collection	4,043,296	4,083,059	4,403,667	4,662,852
Total business-type activities program revenues	13,149,842	12,896,486	14,187,091	14,310,461
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<b>\$ 22,689,081</b>	<b>\$ 22,781,599</b>	<b>\$ 24,514,833</b>	<b>\$ 29,789,227</b>
<b>NET (EXPENSE) REVENUES</b>				
Governmental activities	\$ (40,934,280)	\$ (48,891,626)	\$ (47,462,301)	\$ (59,664,866)
Business-type activities	83,973	14,310	127,813	(1,794,347)
<b>TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE</b>	<b>\$ (40,850,307)</b>	<b>\$ (48,877,316)</b>	<b>\$ (47,334,488)</b>	<b>\$ (61,459,213)</b>

VILLAGE OF PALATINE, ILLINOIS  
CHANGES IN NET ASSETS (Continued)

Last Four Fiscal Years

Fiscal Year	2005	2006	2007	2008
<b>GENERAL REVENUES AND OTHER</b>				
<b>CHANGES IN NET ASSETS</b>				
Governmental activities				
Taxes				
Property and replacement	\$ 25,279,383	\$ 29,044,078	\$ 30,267,938	\$ 33,826,733
Sales	12,503,160	12,723,171	13,059,102	12,554,739
Use	771,761	864,346	889,392	956,775
Telecommunications	2,125,860	2,378,621	2,987,002	2,870,797
Income	4,919,232	5,403,355	5,863,302	6,270,922
Hotel/motel	284,961	334,913	-	-
Food and beverage	1,017,298	1,047,248	1,029,233	1,062,201
Other	58,995	56,281	420,513	405,705
Investment income	824,104	1,928,010	2,211,847	1,081,574
Miscellaneous	208,006	248,570	214,546	326,910
Gain on sale of capital assets	72,191	-	231,191	171,738
Transfers	(1,192,800)	754,755	760,000	-
Total governmental activities	46,872,151	54,783,348	57,934,066	59,528,094
Business-type activities				
Investment income	101,978	238,653	291,401	150,061
Income (loss) from joint venture	(40,927)	(89,098)	221,989	294,123
Gain on sale of capital assets	11,645	22,000	-	-
Transfers	1,192,800	(754,755)	(760,000)	-
Total business-type activities	1,265,496	(583,200)	(246,610)	444,184
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 48,137,647</b>	<b>\$ 54,200,148</b>	<b>\$ 57,687,456</b>	<b>\$ 59,972,278</b>
<b>CHANGE IN NET ASSETS</b>				
Governmental activities	\$ (2,019,475)	\$ 5,891,722	\$ 10,471,765	\$ (136,772)
Business-type activities	1,279,806	(568,890)	(118,797)	(1,350,163)
<b>TOTAL PRIMARY GOVERNMENT</b>				
<b>CHANGE IN NET ASSETS</b>	<b>\$ (739,669)</b>	<b>\$ 5,322,832</b>	<b>\$ 10,352,968</b>	<b>\$ (1,486,935)</b>

Data Source

Audited Financial Statements

VILLAGE OF PALATINE, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
GENERAL FUND										
Reserved	\$ 1,235,349	\$ 1,307,906	\$ 1,275,091	\$ 1,383,209	\$ 21,885	\$ 25,965	\$ 26,470	\$ 5,042,920	\$ 5,287,920	\$ 5,536,201
Unreserved	9,207,357	12,444,095	11,986,664	9,673,963	7,800,804	12,316,855	16,285,665	12,604,862	13,056,080	11,641,186
TOTAL GENERAL FUND	\$ 10,442,706	\$ 13,752,001	\$ 13,261,755	\$ 11,057,172	\$ 7,822,689	\$ 12,342,820	\$ 16,312,135	\$ 17,647,782	\$ 18,344,000	\$ 17,177,387
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	\$ 41,689,029	\$ 15,235,667	\$ 18,987,663	\$ 19,961,905	\$ 19,172,957	\$ 21,650,756	\$ 19,858,828	\$ 28,720,235	\$ 28,100,314	\$ 28,994,327
Unreserved, reported in										
Special Revenue Funds	1,138,032	6,031,271	1,510,336	(279,188)	(2,426,919)	-	-	(5,267,911)	852,177	(1,874,180)
Capital Project Funds	4,875,832	4,356,059	15,043,209	8,568,070	4,454,190	-	-	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 47,702,893	\$ 25,622,997	\$ 35,541,208	\$ 28,250,787	\$ 21,200,228	\$ 21,650,756	\$ 19,858,828	\$ 23,452,324	\$ 28,952,491	\$ 27,120,147

Data Source

Audited Financial Statements



VILLAGE OF PALATINE, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>REVENUES</b>										
Taxes	\$ 22,740,900	\$ 25,135,847	\$ 27,045,125	\$ 28,187,497	\$ 32,339,563	\$ 38,202,894	\$ 41,982,423	\$ 46,392,377	\$ 48,653,181	\$ 51,676,949
Licenses and permits	2,493,959	2,754,074	2,798,962	3,078,192	2,686,698	3,212,245	3,121,288	3,242,695	3,061,764	3,088,823
Intergovernmental	6,912,958	9,726,646	9,331,928	9,738,719	7,587,384	7,326,489	8,355,118	9,075,448	9,924,521	9,520,180
Fines and forfeitures	798,091	774,611	767,792	707,736	1,091,158	716,827	741,524	885,018	893,496	1,061,999
Charges for services	1,160,156	2,091,451	1,924,754	2,250,890	763,501	2,051,636	2,021,009	1,842,979	2,130,142	1,814,636
Investment income	2,593,568	1,538,454	970,729	1,068,113	633,457	452,727	824,104	1,928,007	2,211,847	1,081,573
Miscellaneous	454,354	1,808,166	433,489	631,708	561,739	1,509,635	486,533	547,182	395,666	6,590,962
Total revenues	37,153,986	43,829,249	43,272,779	45,662,855	45,663,500	53,472,453	57,531,999	63,913,706	67,270,617	74,835,122
<b>EXPENDITURES</b>										
General government	4,919,625	5,473,452	6,231,283	7,131,726	7,276,925	6,198,790	7,125,694	7,814,881	8,838,522	10,747,502
Public safety	15,364,848	16,258,744	19,728,921	22,243,996	23,025,770	24,522,768	25,640,194	27,386,129	28,822,573	31,524,578
Public works	3,907,218	3,811,513	4,145,245	4,384,748	4,837,569	7,179,264	7,217,325	6,729,375	7,563,075	8,652,609
Highways and streets	-	-	-	-	-	-	-	-	-	-
Health	427,310	515,201	545,794	619,770	-	-	-	-	-	-
Retirement systems	2,736,204	2,968,967	1,615,194	-	-	-	-	-	-	-
Economic development	-	-	-	-	1,960,467	7,656,265	2,984,458	9,264,353	2,952,388	17,188,453
Capital outlay	3,499,470	7,994,093	13,520,873	23,766,467	8,925,400	3,886,664	2,796,534	2,874,863	6,125,005	5,495,697
Debt service										
Principal	1,190,000	32,701,750	2,570,000	2,750,000	3,081,780	8,957,650	4,175,070	5,814,851	8,537,919	14,250,146
Interest	6,082,942	3,111,589	4,020,448	4,498,071	4,200,613	4,195,440	3,769,464	3,957,332	4,330,229	3,657,597
Other charges	-	-	-	-	-	-	9,373	-	153,978	-
Total expenditures	38,127,617	72,835,309	52,377,758	65,394,778	53,308,524	62,596,841	53,718,112	63,841,784	67,323,689	91,516,582
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>										
	(973,631)	(29,006,060)	(9,104,979)	(19,731,923)	(7,645,024)	(9,124,388)	3,813,887	71,922	(53,072)	(16,681,460)

Fiscal Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	\$ 3,825,128	\$ 5,109,644	\$ 6,231,327	\$ 4,558,187	\$ 2,827,749	\$ 2,396,555	\$ 1,558,530	\$ 4,903,860	\$ 3,376,733	\$ -
Transfers (out)	(2,666,619)	(4,355,514)	(5,607,677)	(3,568,847)	(2,778,585)	(1,633,760)	(2,746,330)	(4,149,105)	(2,616,733)	-
Discount on bonds issued	-	-	-	-	-	(76,534)	-	-	(43,459)	-
Premium on bonds issued	-	-	-	-	-	109,363	17,014	-	12,490	-
Bonds issued at par	24,150,000	9,380,000	17,770,000	10,000,000	7,194,920	19,707,949	645,200	4,027,100	18,800,000	-
Payment to bond escrow agent	(21,276,282)	-	-	-	(6,100,499)	(6,858,647)	(653,227)	-	-	-
Proceeds from sales of capital assets	-	101,329	61,055	(607,273)	2,057,743	77,343	(608,839)	75,366	231,191	171,738
Total other financing sources (uses)	4,032,227	10,235,459	18,454,705	10,382,067	3,201,328	13,722,269	(1,787,652)	4,857,221	19,760,222	171,738
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 3,058,596</b>	<b>\$(18,770,601)</b>	<b>\$ 9,349,726</b>	<b>\$ (9,349,856)</b>	<b>\$ (4,443,696)</b>	<b>\$ 4,597,881</b>	<b>\$ 2,026,235</b>	<b>\$ 4,929,143</b>	<b>\$ 19,707,150</b>	<b>\$(16,509,722)</b>
Debt service as a percentage of noncapital expenditures	21.00%	55.23%	16.96%	17.41%	16.41%	22.40%	15.60%	16.03%	20.02%	19.86%

Data Source

Audited Financial Statements

VILLAGE OF PALATINE, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
1998	\$ 630,614,336	\$ 279,465,703	\$ 85,849,961	NA	\$ 995,930,000	1.2664	\$ 2,987,790,000
1999	NA	NA	NA	NA	1,062,327,000	1.2300	3,186,981,000
2000	NA	NA	NA	NA	1,107,343,935	1.2906	3,322,031,805
2001	862,113,017	343,541,840	123,932,195	NA	1,329,587,052	1.1358	3,988,761,156
2002	949,368,098	350,040,146	132,887,479	NA	1,432,295,723	1.1335	4,296,887,169
2003	963,534,181	345,997,963	129,079,407	NA	1,438,611,551	1.1856	4,315,834,653
2004	1,138,490,510	394,146,124	145,875,016	NA	1,678,511,650	1.0834	5,035,534,950
2005	NA	NA	NA	NA	1,814,735,721	1.0520	5,444,207,163
2006	NA	NA	NA	NA	1,841,693,711	1.0750	5,525,081,133
2007	NA	NA	NA	NA	2,179,711,544	0.9500	6,539,134,632

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	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>TAX RATES</b>										
Village										
Village of Palatine	1.230	1.226	1.291	1.136	1.134	1.186	1.084	1.052	1.075	0.950
School Districts										
Palatine C. C. S. D. #15	3.662	3.611	3.749	3.289	3.185	3.313	2.925	2.840	2.673	2.435
Junior College #512	0.277	0.270	0.347	0.308	0.295	0.310	0.279	0.281	0.288	0.260
Township H. S. D. #211	2.464	2.418	2.450	2.147	2.067	2.165	2.158	2.191	2.261	1.972
Park District	0.483	0.481	0.505	0.455	0.422	0.482	0.437	0.422	0.448	0.406
Library District	0.359	0.361	0.381	0.322	0.310	0.315	0.280	0.271	0.280	0.246
County										
Hospital	0.238	0.236	0.219	0.201	0.156	0.141	0.122	0.112	0.112	0.093
County of Cook	0.673	0.619	0.605	0.545	0.534	0.489	0.471	0.421	0.267	0.353
Forest Preserve	0.072	0.070	0.069	0.067	0.061	0.059	0.060	0.060	0.057	0.053
Township										
Palatine Township	0.057	0.052	0.050	0.042	0.041	0.042	0.038	0.037	0.039	0.035
General Assistance	0.011	0.010	0.009	0.008	0.008	0.009	0.008	0.008	0.009	0.008
Road and Bridge	0.084	0.087	0.086	0.077	0.074	0.078	0.070	0.069	0.072	0.064
Other Districts										
Special Service Area #1	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Special Service Area #2	0.647	0.590	0.565	0.140	0.000	0.000	0.000	0.000	0.000	0.000
Special Service Area #3	0.277	0.273	0.268	0.251	0.223	0.217	0.180	0.180	0.152	0.150
Suburban T.B. Sanitarium	0.008	0.008	0.008	0.007	0.006	0.004	0.001	0.005	0.005	0.000
Northwest Mosquito	0.010	0.010	0.011	0.010	0.009	0.010	0.009	0.009	0.009	0.008
Sanitary District	0.444	0.419	0.415	0.401	0.371	0.361	0.347	0.315	0.284	0.263
Elections (ELCO)	0.000	0.023	0.000	0.032	0.000	0.029	0.000	0.014	0.000	0.012
<b>TOTAL TAX RATES</b>	<b>10.996</b>	<b>10.764</b>	<b>11.028</b>	<b>9.438</b>	<b>8.896</b>	<b>9.210</b>	<b>8.469</b>	<b>8.287</b>	<b>8.031</b>	<b>7.308</b>
<b>SHARE OF TOTAL TAX LEVIED BY THE VILLAGE</b>	<b>11.19%</b>	<b>11.39%</b>	<b>11.71%</b>	<b>12.04%</b>	<b>12.75%</b>	<b>12.88%</b>	<b>12.80%</b>	<b>12.69%</b>	<b>13.39%</b>	<b>13.00%</b>

VILLAGE OF PALATINE, ILLINOIS  
PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
PFC Marquette Company	\$ 22,836,150	1	1.00%	NA	NA	NA
Individual Taxpayer	22,077,466	2	1.00%	NA	NA	NA
Brookbind Corporation	19,016,955	3	0.90%	\$ 12,273,591	2	1.40%
MidAmerica Asset Management	18,581,221	4	0.90%	11,420,445	3	1.30%
Wal-Mart	16,807,605	5	0.80%	NA	NA	NA
Village Park Palatine 300	16,630,487	6	0.80%	7,953,528	5	0.90%
Individual Taxpayer	14,290,475	7	0.70%	NA	NA	NA
Regency Retail LLC	13,155,441	8	0.60%	5,770,957	8	0.60%
Hamilton Partners	10,779,405	9	0.50%	NA	NA	NA
Square D Corporation	10,591,378	10	0.50%	8,316,026	4	0.90%
Infinity Management Co., Inc.	N/A	N/A	N/A	12,372,288	1	1.40%
American National Bank	N/A	N/A	N/A	7,410,417	6	0.80%
W & M Property Foxfire	N/A	N/A	N/A	6,237,524	4	0.70%
Washington Capital	N/A	N/A	N/A	5,207,698	9	0.60%
Highland Management	N/A	N/A	N/A	4,746,596	10	0.50%
	<u>\$ 164,766,583</u>		<u>7.70%</u>	<u>\$ 81,709,070</u>		<u>9.10%</u>

Note:

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

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS  
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Levy Year	Tax Levied	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	\$ 12,250,351	\$ 11,650,751	95.11%	\$ 593,733	\$ 12,244,484	99.95%
1999	13,026,896	12,497,266	95.93%	605,188	13,102,454	100.58%
2000	14,291,249	14,291,249	100.00%	121,639	14,412,888	100.85%
2001	15,103,536	14,744,923	97.63%	415,020	15,159,943	100.37%
2002	16,242,234	16,051,558	98.87%	83,574	16,094,187	99.09%
2003	17,061,932	16,440,571	96.39%	442,422	16,826,456	98.62%
2004	18,187,861	17,558,561	99.15%	161,275	17,719,836	97.43%
2005	18,073,976	16,857,597	93.27%	863,582	17,721,179	98.05%
2006	18,609,934	15,576,515	83.70%	2,854,055	18,430,570	99.04%
2007	17,481,006	15,701,440	89.82%	-	17,101,610	97.83%

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

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	TIF Revenue Bonds	Tax Increment Notes	Installment Contracts	General Obligation Bonds	Installment Contracts			
1998 (1)	\$ 66,177,790	\$ 24,290,000	\$ -	\$ -	\$ -	\$ 338,556	\$ 90,806,346	5.53%	\$ 1,591
1999	69,542,325	24,290,000	-	-	-	169,278	94,001,603	5.55%	1,647
2000	47,128,328	24,150,000	-	-	-	-	71,278,328	3.56%	1,089
2001	62,836,325	23,820,000	-	-	-	-	86,656,325	4.32%	1,323
2002	70,682,189	23,415,000	480,000	-	-	-	94,577,189	4.71%	1,444
2003	57,823,030	22,760,000	480,000	-	11,463,816	-	92,526,846	4.61%	1,413
2004	68,701,360	16,280,000	480,000	-	10,919,926	-	96,381,286	4.77%	1,462
2005	65,270,470	15,570,000	480,000	166,164	10,365,397	-	91,852,031	4.54%	1,393
2006	60,634,279	14,570,000	4,328,540	83,574	9,781,440	-	89,397,833	4.42%	1,356
2007	73,762,343	13,550,000	2,482,557	-	10,736,104	-	100,531,004	4.97%	1,525
2008	59,846,334	5,995,000	1,488,420	-	19,363,370	-	86,693,124	4.29%	1,315

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

\* See the schedule of Demographic and Economic Information on page 171 for personal income and population data.

(1) Effective May 1, 1998, the Village changed its fiscal year end to December 31. The data presented in this column represents eight months of activity

VILLAGE OF PALATINE, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available In Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property*	Per Capita
1998 (1)	\$ 66,177,790	\$ 29,928,725	\$ 36,249,065	1.34%	\$ 635.21
1999	69,542,325	29,777,576	39,764,749	1.33%	696.82
2000	47,128,328	1,450,191	45,678,137	1.43%	697.60
2001	62,836,325	4,116,243	58,720,082	1.77%	896.78
2002	70,682,189	3,320,141	67,362,048	1.99%	1,118.64
2003	57,823,030	2,289,239	55,533,791	1.29%	1,023.19
2004	68,701,360	1,886,525	66,814,835	1.55%	1,013.57
2005	65,270,570	2,072,121	63,198,449	3.77%	958.71
2006	60,634,279	2,279,983	58,354,296	3.22%	885.23
2007	73,762,343	2,058,307	71,704,036	3.89%	1,087.74
2008	59,846,334	2,340,846	57,505,488	1.32%	872.35

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

\* See the schedule of Assessed Value and Actual Value of Taxable Property on page 162 for property value data.

(1) Effective May 1, 1998, the Village changed its fiscal year end to December 31. The data presented in this column represents eight months of activity.



VILLAGE OF PALATINE, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2008

Governmental Unit	Gross Debt	Percentage Debt Applicable to the Village of Palatine (1)	Village of Palatine Share of Debt
Village of Palatine	\$ 81,620,643	100.00%	\$ 81,620,643
<u>School Districts</u>			
Palatine Community District No. 15	41,796,014	50.27%	21,010,856
Township High School District No. 211	49,690,000	22.88%	11,369,072
Township High School District No. 214	33,229,759	0.02%	6,646
Harper Community College	56,385,000	9.23%	5,204,336
Total schools	181,100,773		37,590,910
<u>Other than Schools</u>			
Cook County	2,960,875,000	1.370%	40,563,988
Cook County Forest Preserve District	121,270,000	1.370%	1,661,399
Metropolitan Water Reclamation District	1,441,076,915	1.400%	20,175,077
<u>Park Districts</u>			
Arlington Heights Park District	23,342,727	0.06%	14,006
Palatine Park District	10,335,000	75.95%	7,849,433
Salt Creek Park District	4,725,000	47.14%	2,227,365
Palatine Public Library District	4,840,000	77.41%	3,746,644
Total other than schools	4,566,464,642		76,237,912
	4,747,565,415		113,828,822
	\$ 4,829,186,058		\$ 195,449,465

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

VILLAGE OF PALATINE, ILLINOIS  
SCHEDULE OF LEGAL DEBT MARGIN

December 31, 2008

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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

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Water General Obligation Bonds						Sewer General Obligation Bonds					
	Water Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
1999	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	\$ 5,447,511	\$ 5,442,994	\$ 4,517	\$ 339,350	\$ 245,650	\$ -	\$ 1,810,558	\$ 812,944	\$ 997,614	\$ 61,690	\$ 78,310	7.10
2003	5,469,202	4,801,357	667,845	366,190	228,810	1.12	2,063,402	988,162	1,125,240	65,310	74,690	8.04
2004	5,714,010	5,265,847	448,163	699,020	337,980	0.43	2,090,222	1,188,941	901,281	73,330	66,670	6.44
2005	6,341,671	4,920,219	1,421,452	725,930	297,985	1.39	2,212,350	1,245,336	967,014	74,850	56,150	7.38
2006	5,981,666	4,742,994	1,238,672	762,960	268,140	1.20	2,380,416	1,312,761	1,067,655	78,180	52,820	8.15
2007	6,763,419	4,805,690	1,957,729	755,240	266,779	1.92	2,803,083	1,891,324	911,759	80,240	50,760	6.96
2008	6,455,469	5,253,876	1,201,593	813,880	537,708	0.89	2,860,414	2,899,073	(38,659)	481,050	414,119	(0.04)

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

Water Charges and Other includes investment earnings but not tap on fees.

Operating expenses do not include interest or depreciation.

# VILLAGE OF PALATINE, ILLINOIS

## DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
1998 (1)	57,066	\$ 1,643,500,800	\$ 28,800	4.2%
1999	57,066	1,694,860,200	29,700	4.1%
2000	65,479	2,003,657,400	30,600	4.1%
2001	65,479	2,007,651,619	30,661	5.1%
2002	65,479	2,007,651,619	30,661	6.8%
2003	65,479	2,007,651,619	30,661	6.8%
2004	65,920	2,021,173,120	30,661	6.7%
2005	65,920	2,021,173,120	30,661	6.7%
2006	65,920	2,021,173,120	30,661	6.7%
2007	65,920	2,021,173,120	30,661	3.3%
2008	65,920	2,021,173,120	30,661	4.9%

(1) Effective May 1, 1998, the Village changed its fiscal year end to December 31. The data presented in this column represents eight months of activity.

### Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

2008			1999		
Employer	Rank	Percent of Total Village Population	Employer	Rank	Percent of Total Village Population
William Rainey Harper College	1	1.20%	United States Postal Service	1	3.50%
Little City Foundation	2	0.80%	United Parcel Service	2	2.60%
Schneider Electric, N.A.	3	0.50%	Palatine Community School District No.	3	1.90%
DiMucci Construction Co.	4	0.50%	Township High School District No. 211	4	1.20%
Weber-Stephen Projects Co.	5	0.30%	William Rainey Harper College	5	1.10%
Arlington Plating Co.	6	0.20%	Square D Company	6	0.60%
The Intec Group, Inc.	7	0.20%	Village of Palatine	7	0.60%
Brandt Industries, Inc.	8	0.20%	Arlington Plating	8	0.30%
Imperial Woodworking Co.	9	0.20%	The Intec Group, Inc.	9	0.30%
Harris Bank N.A.	10	0.20%	Overnight Transporation	10	0.20%

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS  
FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>GENERAL GOVERNMENT</b>										
Administration	10.5	12.0	12.0	12.0	12.0	12.0	10.0	11.0	9.5	8.5
Administrative services	-	-	-	-	-	-	1.5	1.0	2.5	3.5
Village Clerk	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Finance	19.5	19.0	19.0	19.0	19.0	17.0	17.0	18.0	18.0	18.0
Information systems	6.5	6.5	6.5	9.5	9.5	7.5	8.0	8.0	8.5	8.5
Community services	29.5	20.0	19.5	19.5	20.5	18.0	19.0	19.0	20.0	21.0
Planning/zoning	NA	6.5	5.5	5.5	5.5	4.5	5.5	5.0	5.0	5.0
<b>PUBLIC SAFETY</b>										
Police										
Officers	98.0	110.0	111.0	111.0	110.0	106.0	107.0	109.0	110.0	112.0
Civilians	36.5	38.5	38.5	38.5	38.0	33.0	33.0	33.0	34.0	34.5
Fire										
Firefighters and officers	82.0	96.0	96.0	96.0	96.0	95.0	95.0	95.0	95.0	95.0
Civilians	13.0	11.5	12.5	12.0	12.5	9.5	11.0	11.0	11.0	11.0
<b>PUBLIC WORKS</b>	64.0	66.0	69.0	69.5	65.0	59.0	57.5	58.5	58.5	58.5
<b>ENGINEERING</b>	NA	5.5	5.5	8.0	7.5	6.5	6.5	6.5	6.5	7.0

Data Source

Village budget office

VILLAGE OF PALATINE, ILLINOIS

OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
PUBLIC SAFETY										
Police										
Physical arrests	1,566	2,617	2,617	2,617	2,617	4,087	6,758	N/A	2,417	2,162
Parking violations	10,794	10,752	10,752	10,752	10,752	13,766	7,274	N/A	631	7,388
Traffic violations	14,235	14,937	14,937	14,937	14,937	10,264	19,199	N/A	5,415	2,214
Fire										
Emergency responses	1,566	6,752	6,752	6,752	6,752	6,277	6,568	6,891	7,401	7,257
WATER										
Number of connections	16,739	17,500	17,500	17,500	17,500	17,500	17,500	17,500	19,597	19,464
Average daily consumption	7,300,000	7,300,000	7,779,205	7,856,301	7,470,575	7,090,082	7,679,562	6,772,164	7,017,288	6,710,000

Data Source

Various Village departments

VILLAGE OF PALATINE, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>PUBLIC SAFETY</b>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	16	16	16	20	20	22	28	NA	32	26
Fire										
Fire stations	3	5	5	5	5	5	5	5	5	5
Fire engines	6	7	7	7	7	7	7	7	5	7
<b>PUBLIC WORKS</b>										
Streets (miles)	160	160	160	160	160	160	160	160	160	160
Number of bridges	5	5	6	6	6	6	6	6	6	6
Storm sewers (miles)	101	200	200	200	200	220	220	220	220	221
<b>WATER</b>										
Water mains (miles)	200	200	200	200	200	200	200	200	140*	140
Fire hydrants	2,500	2,500	2,500	2,500	2,500	2,500	3,200	N/A	2,052*	2,050
<b>WASTEWATER</b>										
Sanitary sewers (miles)	123	200	200	200	200	200	200	200	145*	145

\* Restated GASB value

Data Source

Various Village departments



# VILLAGE OF PALATINE, ILLINOIS

## Disclosures Required by SEC Rule 15c2-12 Statement of Indebtedness December 31, 2008

	Amount Applicable as of August 26, 2008	As Per Cent of		Per Capita (2000 Census Pop. 65,920)
		Assessed Value	Estimated True Value	
Assessed valuation of taxable real property, 2007	\$ 2,179,711,544	100.00%	33.33%	\$ 33,066.01
Estimated true value of taxable real property, 2007	6,539,134,632	300.00%	100.00%	99,198.04
Direct general obligation bonded debt (1):				
Payable from property taxes	\$ 13,004,490	0.59%	0.20%	\$ 197.28
Self-supporting	73,201,153	3.36%	1.12%	1,110.45
Total direct bonded debt	<u>\$ 86,205,643</u>	<u>3.95%</u>	<u>1.32%</u>	<u>\$ 1,307.73</u>
Overlapping bonded debt payable from property taxes (2):				
Schools	\$ 37,590,910	1.72%	0.57%	\$ 570.25
Other than schools	76,237,910	3.50%	1.17%	1,156.52
Total overlapping bonded debt	<u>\$ 113,828,820</u>	<u>5.22%</u>	<u>1.74%</u>	<u>\$ 1,726.77</u>
Total direct and overlapping bonded debt	<u>\$ 200,034,463</u>	<u>9.18%</u>	<u>3.06%</u>	<u>\$ 3,034.50</u>
Total direct and overlapping excl. self-supporting	<u>\$ 126,833,310</u>	<u>5.82%</u>	<u>1.94%</u>	<u>\$ 1,924.05</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 \$73,201,153 or 84.9% is considered self-supporting.
2. Overlapping bonded debt as of August 26, 2008.

# VILLAGE OF PALATINE, ILLINOIS

## Disclosures Required by SEC Rule 15c2-12 Retirement Schedule of Outstanding Village General Obligation Debt December 31, 2008

Principal Maturities (1)													
Due 12/1	Taxable												Total Maturities (2)
	Series 1989 (3)	Series 1999	Series 2000	Series 2000B	Series 2001	Series 2001	Series 2002	Series 2003	Series 2004	Series 2005	Series 2007	Series 2008	Amount
2009	-	275,000	1,950,000	120,000	640,000	730,000	415,000	1,009,582	620,000	5,000	835,000	130,000	6,729,582
2010	-	275,000	2,055,000	120,000	1,390,000	-	430,000	1,033,350	540,000	5,000	975,000	145,000	6,968,350
2011	-	280,000	2,165,000	120,000	1,450,000	-	450,000	1,102,249	555,000	5,000	1,020,000	150,000	7,297,249
2012	-	590,000	-	125,000	2,015,000	-	470,000	1,131,281	2,410,000	5,000	1,060,000	160,000	7,966,281
2013	-	435,000	-	135,000	2,115,000	-	490,000	350,452	1,060,000	830,000	1,110,000	170,000	6,695,452
2014	317,473	310,000	-	140,000	2,215,000	-	510,000	-	1,135,000	-	1,160,000	175,000	5,962,473
2015	523,137	690,000	-	375,000	2,860,000	-	535,000	-	1,200,000	-	1,305,000	185,000	7,673,137
2016	302,180	-	-	-	1,880,000	-	560,000	-	1,215,000	-	1,360,000	195,000	5,512,180
2017	-	-	-	-	-	-	585,000	-	1,285,000	-	1,485,000	205,000	3,560,000
2018	-	-	-	-	-	-	610,000	-	1,150,000	-	1,195,000	215,000	3,170,000
2019	-	-	-	-	-	-	640,000	-	1,195,000	-	1,255,000	225,000	3,315,000
2020	-	-	-	-	-	-	675,000	-	1,265,000	-	1,315,000	235,000	3,490,000
2021	-	-	-	-	-	-	705,000	-	610,000	-	1,390,000	250,000	2,955,000
2022	-	-	-	-	-	-	740,000	-	645,000	-	1,345,000	260,000	2,990,000
2023	-	-	-	-	-	-	-	-	-	-	700,000	275,000	975,000
2024	-	-	-	-	-	-	-	-	-	-	740,000	290,000	1,030,000
2025	-	-	-	-	-	-	-	-	-	-	780,000	305,000	1,085,000
2026	-	-	-	-	-	-	-	-	-	-	820,000	320,000	1,140,000
2027	-	-	-	-	-	-	-	-	-	-	-	340,000	340,000
2028	-	-	-	-	-	-	-	-	-	-	-	355,000	355,000
	\$ 1,142,790	\$ 2,855,000	\$ 6,170,000	\$ 1,135,000	\$ 14,565,000	\$ 730,000	\$ 7,815,000	\$ 4,626,914	\$ 14,885,000	\$ 850,000	\$ 19,850,000	\$ 4,585,000	\$ 79,209,704

**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 the outstanding principal of the Village's Special Service Area Bonds (shown as overlapping debt); \$5,995,000 principal outstanding (as of December 31, 2008) on Tax Increment Financing Bonds and notes secured only by the incremental revenues generated by the district; various industrial revenue bonds which are fully secured by payments from the benefitting entities; and, special assessment bonds, which are secured by the levy of special assessments on property within the special assessment area.. 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 \$79,209,704 principal outstanding at December 31, 2008, the Village estimates that \$67,249,039 (84.9%) is self-supporting from non-property tax sources.
3. The Series 1989 are capital appreciation bonds due January 1, 2014-2016.

# 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, 2008

Village Issue		Ratio to Estimated Actual Value (1)				Per Capita (1)		Population Estimate
		Direct Debt		Direct and Overlapping Debt		Direct and Overlapping Debt		
		Including Self-Supporting	Excluding Self-Supporting(2)	Including Self-Supporting	Excluding Self-Supporting(2)	Including Self-Supporting	Excluding Self-Supporting(2)	
Sale Date	Amount	Supporting	Supporting(2)	Supporting	Supporting(2)	Supporting	Supporting(2)	
Dec 14, 1998 (3)	6,915,000	1.42%	0.95%	4.51%	4.04%	2,135.10	1,912.37	57,066
Nov 8, 1999 (4)	24,120,000	1.36%	1.15%	4.28%	4.07%	2,062.69	1,963.65	62,000
Oct 23, 2000	9,380,000	1.40%	0.98%	3.89%	3.47%	1,865.32	1,662.78	68,000
July 15, 2001	17,770,000	1.89%	0.98%	4.88%	3.91%	2,430.17	1,948.43	65,479
June 24, 2002	10,000,000	2.10%	0.89%	5.48%	4.27%	2,841.32	2,214.48	65,479
Dec. 16, 2002 (4)	2,975,000	1.69%	0.72%	4.58%	3.61%	2,861.13	2,255.66	65,479
Sept. 15, 2003 (4)	4,625,000	1.61%	0.69%	4.44%	3.52%	2,919.04	2,312.73	65,479
Feb. 17, 2004	12,425,000	1.80%	0.59%	4.30%	3.09%	2,899.00	2,086.20	65,920
Dec. 6, 2004 (4)	8,295,000	1.70%	0.56%	4.33%	3.19%	2,962.33	2,182.95	65,920
May 30, 2007	20,320,000	1.52%	0.27%	3.65%	2.39%	3,211.17	2,108.18	65,920
Dec 1, 2008	4,585,000	1.32%	0.20%	3.06%	1.94%	3,034.50	1,924.05	65,920

Notes:

1. Taken from applicable Official Statements.
2. Excludes the Village's general obligation debt which is payable from non-property tax revenues.
3. All or a portion of bond proceeds used for advance refunding purposes.
4. All or a portion of bond proceeds used for current refunding purposes.

# VILLAGE OF PALATINE, ILLINOIS

## Disclosures Required by SEC Rule 15c2-12 Detailed Overlapping Bonded Indebtedness Payable from Property Taxes December 31, 2008

Governmental Unit	Percent of Village's 2006 Real Property in Taxing Body	Gross Bonded Debt	Village's Applicable Share (Note 2) of Gross Debt to be Paid From Real Property Taxes	
			Percent	Amount
School Districts				
Palatine C. C. S. D. #15	100.0%	\$ 41,796,014	50.270%	\$ 21,010,856
Township H. S. D. #211	99.9%	49,690,000	22.880%	11,369,072
Township H. S. D. #214	0.1%	33,229,759	0.020%	6,646
Harper Junior College #512	100.0%	56,385,000	9.230%	5,204,336
Total School Districts				<u>\$ 37,590,910</u>
Other Than School Districts				
Cook County and				
Forest Preserve District	100.0%	3,082,145,000	1.370%	42,225,387
Sanitary District	100.0%	1,441,076,915	1.400%	20,175,077
Park Districts				
Palatine	94.2%	10,335,000	75.950%	7,849,433
Arlington Heights	0.1%	23,342,727	0.060%	14,006
Salt Creek	5.7%	4,725,000	47.140%	2,227,365
Palatine Public Library District	99.9%	4,840,000	77.410%	3,746,644
Total Other Than School Districts				<u>\$ 76,237,912</u>

### Notes:

1. Source: Cook County Clerk.
2. Overlapping debt percentages based on 2007 EAV, the most current available.

# VILLAGE OF PALATINE, ILLINOIS

## Disclosures Required by SEC Rule 15c2-12 Equalized Assessed Valuation for Taxing Purposes December 31, 2008

Levy Year	Net for General Taxing Purposes	Plus Incremental Valuation	Total For All Taxing Purposes	Increase Over Prior Year
2002	1,432,295,723	48,520,555	1,480,816,278	8.8%
2003	1,438,611,551	62,457,769	1,501,069,320	1.4%
2004 (2)	1,678,511,650	100,006,109	1,778,517,759	18.5%
2005	1,814,735,721	119,993,338	1,934,729,059	8.8%
2006	1,841,693,711	129,880,581	1,971,574,292	1.9%
2007	2,179,711,544	173,156,610	2,352,868,154	19.3%

### Notes:

1. Property in Cook County is separated into eight classifications for assessment purposes (ranging from 16% for residential to 38% for commercial/industrial property). After the assessor establishes the fair market value of a parcel of land, that 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 was reassessed in 2004 and 2007.

3. 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".

# VILLAGE OF PALATINE, ILLINOIS

## Disclosures Required by SEC Rule 15c2-12 Tax Rates per \$100 Equalized Assessed Valuation December 31, 2008

	Levy Years					
	2002	2003	2004	2005	2006	2007
Village of Palatine (1):						
Corporate	\$ 0.226	\$ 0.249	\$ 0.229	\$ 0.220	\$ 0.227	\$ 0.220
Bonds and interest	0.241	0.242	0.195	0.181	0.164	0.120
Pensions (Police, Fire, IMRF and Soc. Sec.)	0.228	0.286	0.275	0.281	0.314	0.294
Fire Protection	0.439	0.409	0.385	0.370	0.370	0.316
Water and sewerage	-	-	-	-	-	-
Total Village of Palatine	1.134	1.186	1.084	1.052	1.075	0.950
Cook County	0.751	0.630	0.593	0.533	0.500	0.446
Cook County Forest Preserve	-	0.059	0.060	0.060	0.057	0.053
Sanitary District	0.371	0.361	0.347	0.315	0.284	0.263
Northwest Mosquito Abatement District	0.009	0.010	0.009	0.009	0.009	0.008
Suburban T B Sanitarium	-	0.004	0.001	0.005	0.005	-
Consolidated Elections	-	0.029	-	0.014	-	0.012
Palatine Park District	0.422	0.482	0.437	0.422	0.448	0.406
Palatine Library District	0.310	0.315	0.280	0.271	0.280	0.246
Palatine C. C. S. D. #15	3.185	3.313	2.925	2.840	2.673	2.435
Junior College #512	0.295	0.310	0.279	0.281	0.288	0.260
Township H. S. D. #211	2.067	2.165	2.158	2.191	2.261	1.972
Township and all other	0.123	0.129	0.116	0.114	0.120	0.107
Total (2)	\$ 8.667	\$ 8.993	\$ 8.289	\$ 8.107	\$ 8.000	\$ 7.158

Village rate as a percent of total	13.1%	13.2%	13.1%	13.0%	13.4%	13.3%
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### 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 2007 equalized assessed valuation.

# VILLAGE OF PALATINE, ILLINOIS

## Disclosures Required by SEC Rule 15c2-12 Tax Extensions and Collections December 31, 2008

Levy Year	Collection Year	Total Taxes Extended	Total Taxes Collected	
			Amount	Percent (2)
2002	2003	16,242,234	16,094,187	99.09%
2003	2004	17,061,932	16,826,456	98.62%
2004	2005	18,187,861	17,769,049	97.70%
2005	2006	19,090,228	17,782,983	93.15%
2006	2007	19,798,958	18,405,441	92.96%
2007	2008	20,692,508	18,585,552	89.82%
2008	2009	N/A	----- In Process -----	

### Notes:

1. Source: Cook County Treasurer's Office.
2. 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 one-half 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.

# VILLAGE OF PALATINE, ILLINOIS

## Disclosures Required by SEC Rule 15c2-12 Tax Base Distribution by Property Classification December 31, 2008

Property Classification	Levy Years					
	2002	2003	2004	2005	2006	2007
Residential	\$ 949,368,098	\$ 963,534,181	\$ 1,138,490,510	\$ 1,264,709,389	\$ 1,325,694,182	NA
Commercial	350,040,146	345,997,963	394,146,124	393,756,607	365,482,193	NA
Industrial	132,519,388	128,678,367	145,428,977	155,849,317	150,098,216	NA
Railroad	366,046	395,865	445,859	420,228	418,940	NA
Farm	2,045	5,175	180	180	180	NA
Net for Gen'l Taxing Purposes	\$ 1,432,295,723	\$ 1,438,611,551	\$ 1,678,511,650	\$ 1,814,735,721	\$ 1,841,693,711	\$ 2,179,711,544
Incremental Valuation (2)	48,520,555	62,457,767	100,006,109	119,993,338	129,880,581	173,156,610
Total for all Taxing Purposes	\$ 1,480,816,278	\$ 1,501,069,318	\$ 1,778,517,759	\$ 1,934,729,059	\$ 1,971,574,292	\$ 2,352,868,154
Percentage Increase	20.4%	1.4%	18.5%	8.8%	1.9%	19.3%

### Notes:

1. Property in Cook County is separated into eight classifications for assessment purposes (ranging from 16% for residential to 38% for commercial/industrial property). After the assessor establishes the fair market value of a parcel of land, that 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".



# VILLAGE OF PALATINE, ILLINOIS

## Disclosures Required by SEC Rule 15c2-12 Ten Largest Taxpayers December 31, 2008

Rank	Taxpayer (1)	Business/Properties	Equalized Assessed Valuation (2)	Percent of Village
1	PFC Marquette Company	Apartments	\$ 22,836,150	1.0%
2	Individual Taxpayer	Shopping Center	22,077,466	1.0%
3	Brookind Corp.	United Parcel Service	19,016,955	0.9%
4	MidAmerica Asset Management	Shopping Center	18,581,221	0.9%
5	Wal-Mart	Retail Store	16,807,605	0.8%
6	Village Park Palatine 300	Apartments	16,630,487	0.8%
7	Individual Taxpayer	Apartments	14,290,475	0.7%
8	Regency Retail LLC	Shopping Center	13,155,441	0.6%
9	Hamilton Partners	Commercial Building	10,779,405	0.5%
10	Square D Company	Corporate Headquarters	10,591,378	0.5%
Total Ten Largest Taxpayers			<u>\$ 164,766,583</u>	<u>7.7%</u>

### Notes:

1. Source: Cook County Clerk.
2. Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations may have been overlooked. The 2007 EAV is the most current available.

# VILLAGE OF PALATINE, ILLINOIS

## Disclosures Required by SEC Rule 15c2-12 General Fund December 31, 2008

### Summary Statement of Revenue, Expenditures and Changes in Fund Balance

	Audited (Note 1)					Dec. 31, 2009 Budget (2)
	2004	2005	Dec. 31 2006	2007	2008	
Revenue (3):						
Taxes						
Property taxes	\$ 13,629,102	\$ 15,362,641	\$ 16,169,543	\$ 16,895,147	\$ 18,715,717	\$ 19,055,495
Sales tax	11,743,223	12,503,160	12,723,170	13,059,102	12,554,739	12,307,100
Other taxes	1,959,056	2,181,131	2,359,091	2,476,029	2,551,460	2,722,580
Licenses and permits	3,212,245	3,121,288	3,242,695	3,061,764	3,088,823	3,185,200
Intergovernmental						
State income tax	4,189,384	4,919,232	5,403,355	5,863,302	6,270,922	6,487,500
Other	789,750	868,098	1,187,414	1,220,054	1,266,141	1,226,800
Charges for services	1,969,394	1,950,734	1,768,571	2,056,012	1,768,547	1,892,400
Fines and forfeits	716,827	741,524	885,018	893,496	1,061,999	1,145,500
Interest income	69,190	348,592	1,137,974	938,749	493,591	300,000
Transfers-in	1,766,675	93,530	600,475	-	-	481,730
All other revenues	469,046	338,619	371,053	163,617	182,944	180,300
Total revenues	40,513,892	42,428,549	45,848,359	46,627,272	47,954,883	48,984,605
Expenditures						
General Government						
Finance/Data Proc.	1,609,058	1,862,200	1,969,941	2,059,438	2,385,517	2,774,475
Community Services	2,049,548	1,989,349	1,652,076	1,808,160	1,882,176	2,005,810
Insurance	1,101,123	1,329,771	1,653,535	1,995,842	3,193,000	1,337,125
All Other	2,011,583	1,526,531	3,044,804	2,743,328	3,286,809	4,028,415
Total General Gov't	6,771,312	6,707,851	8,320,356	8,606,768	10,747,502	10,145,825
Public Safety						
Police	13,674,135	14,413,178	15,213,534	16,014,152	17,736,924	18,032,525
Fire	10,929,260	11,227,276	12,172,595	13,040,174	13,787,654	13,796,480
Total Public Safety	24,603,395	25,640,454	27,386,129	29,054,326	31,524,578	31,829,005
Public Works	4,625,704	4,710,929	4,657,122	5,653,227	6,849,416	6,030,450
Transfers-out	48,925	1,400,000	4,149,105	2,616,733	-	750,000
Total Expenditures	36,049,336	38,459,234	44,512,712	45,931,054	49,121,496	48,755,280
Revenues over (under) expenditures	4,464,556	3,969,315	1,335,647	696,218	(1,166,613)	229,325
Adjustments to fund balance	55,575		-	-	-	
Fund balance-ending	12,342,820	16,312,135	17,647,782	18,344,000	17,177,387	

(Continued)

# VILLAGE OF PALATINE, ILLINOIS

## Disclosures Required by SEC Rule 15c2-12 General Fund December 31, 2008

### Balance Sheet

	Dec. 31				
	2004	2005	2006	2007	2008
Assets:					
Cash and investments	\$ 10,698,069	\$ 15,123,023	\$ 11,622,670	\$ 12,788,481	\$ 10,761,900
Receivables:					
Property tax	14,759,690	15,645,500	16,607,585	19,283,541	18,696,914
All other	692,886	541,668	751,540	856,853	384,847
Prepaid items	-	26,470	-	4,793	-
Due from other governments	3,287,266	3,433,314	3,058,700	3,286,734	3,221,289
Due from other funds	258,130	219,252	5,042,920	5,287,920	5,624,926
All other assets	25,965	-	-	-	3,281
Total assets	<u>\$ 29,722,006</u>	<u>\$ 34,989,227</u>	<u>\$ 37,083,415</u>	<u>\$ 41,508,322</u>	<u>\$ 38,693,157</u>
Liabilities and Fund Balance					
Accounts payable	\$ 332,281	\$ 212,728	\$ 266,919	\$ 819,796	\$ 820,624
Deferred revenues	14,966,556	16,090,618	17,016,788	17,921,800	18,394,293
All other liabilities	2,080,349	2,373,746	2,151,926	4,422,726	2,300,853
Total liabilities	<u>17,379,186</u>	<u>18,677,092</u>	<u>19,435,633</u>	<u>23,164,322</u>	<u>21,515,770</u>
Fund Balance					
Reserved	25,965	26,470	5,042,920	5,287,920	5,536,201
Unreserved	12,316,855	16,285,665	12,604,862	13,056,080	11,641,186
Total fund balance	<u>12,342,820</u>	<u>16,312,135</u>	<u>17,647,782</u>	<u>18,344,000</u>	<u>17,177,387</u>
Total liabilities and fund balance	<u>\$ 29,722,006</u>	<u>\$ 34,989,227</u>	<u>\$ 37,083,415</u>	<u>\$ 41,508,322</u>	<u>\$ 38,693,157</u>

#### 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.
3. The Village has not availed itself of the statutorily authorized 5% Utility Tax, which can be assessed by the adoption of an ordinance.

# VILLAGE OF PALATINE, ILLINOIS

## Disclosures Required by SEC Rule 15c2-12 Combined Statement - All Funds (Note 1) December 31, 2008

### Fund Balances 2002 - 2008

	Dec. 31				
	2004	2005	2006	2007	2008
<b>Governmental Fund Types</b>					
General	\$ 12,342,820	\$ 16,312,135	\$ 17,647,782	\$ 18,344,000	\$ 17,177,387
Special Revenue					
Motor Fuel Tax	849,535	353,229	262,620	320,875	328,387
Comm. Dev. Blk Grnt	-	-	-	-	-
Downtown TIF	7,109,515	3,749,848	(731,475)	6,641,163	4,897,150
Rand Rd Corridor TIF	2,575,013	3,661,519	5,175,681	13,510,765	1,154,523
Total Special Revenue	10,534,063	7,764,596	4,706,826	20,472,803	6,380,060
Debt Service	8,274,820	10,409,015	12,617,668	14,842,673	10,690,591
Capital Projects	2,841,873	1,685,217	6,127,830	7,147,780	10,049,496
Total Governmental	33,993,576	36,170,963	41,100,106	60,807,256	44,297,534
<b>Proprietary Fund Types (2):</b>					
Enterprise Funds					
Waterworks	13,137,787	14,575,540	14,775,520	16,816,745	16,965,702
Sewerage	11,139,576	11,827,844	11,665,501	15,042,009	18,886,868
Motor Veh Pkg Syst	17,145,072	16,440,972	15,729,867	14,878,649	13,996,218
Refuse Collection	583,650	511,198	615,776	887,239	1,302,336
Total Enterprise	42,006,085	43,355,554	42,786,664	47,624,642	51,151,124
Internal Service Funds					
Health Insurance	446,526	1,221,653	2,401,544	2,688,310	2,667,145
Casualty & Liability Insurance	N/A	N/A	N/A	N/A	2,250,199
Central Equipment	(123,827)	(62,211)	28,110	24,275	(115,870)
Total Proprietary	42,328,784	44,514,996	45,216,318	50,337,227	55,952,598
<b>Fiduciary Fund Types (3):</b>					
Pension Trust					
Police Pension	28,578,027	30,382,994	32,528,147	35,137,969	32,619,298
Firefighters' Pension	33,612,547	35,594,313	39,401,126	42,732,655	37,635,373
Total Fiduciary	62,190,574	65,977,307	71,929,273	77,870,624	70,254,671
Total All Funds (Memo Only)	\$ 138,512,934	\$ 146,663,266	\$ 158,245,697	\$ 189,015,107	\$ 170,504,803

# VILLAGE OF PALATINE, ILLINOIS

## Disclosures Required by SEC Rule 15c2-12 Combined Statement - All Funds (Note 1) December 31, 2008

(Continued)

Cash and Investments

	December 31				
	2004	2005	2006	2007	2008
Fund:					
General	\$ 10,698,069	\$ 15,123,023	\$ 11,622,670	\$ 12,788,481	\$ 10,761,900
Special Revenue	2,609,912	2,341,408	2,858,328	3,221,921	5,795,211
Debt Service	8,296,390	10,410,715	12,619,368	14,542,649	10,603,036
Capital Projects	2,207,095	1,268,425	5,797,507	4,212,753	9,981,396
Enterprise Funds	3,024,363	6,024,238	5,201,496	6,934,455	8,981,400
Internal Service Funds	768,879	1,654,176	2,608,595	2,875,931	5,118,599
Pension Trust	62,111,900	65,900,784	71,504,934	77,364,492	3,096,561
Total cash and investments	\$ 89,716,608	\$ 102,722,769	\$ 112,212,898	\$ 121,940,682	\$ 54,338,103

### Notes:

1. These condensed financial statements for the years ending December 31, 2004 - 2008, 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, 2008, included an unqualified "Report of Independent Auditors". Similar unqualified opinions were included in the Village's CAFRs for the fiscal years ended December 31, 2004 - 2008. 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, 2008, 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. Also, in our opinion, the combining, individual fund and account group statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the Village of Palatine, Illinois, as of December 31, 2008, and the results of operations of such funds and cash flows of individual proprietary and similar trust funds for the year then ended in conformity with generally accepted accounting principles."

2. The amounts shown as fund balances for the Proprietary Funds are net assets and the amounts shown as "Revenues over Expenditures" represent the change in that amount. "Total Revenues" represent operating revenues.

3. Excludes the Village's Agency Funds.

# VILLAGE OF PALATINE, ILLINOIS

## Disclosures Required by SEC Rule 15c2-12 Capital Assets December 31, 2008

Governmental Activities		Business Type Activities	
	Amount		Amount
Land	\$ 2,985,457	Land	\$ 2,906,138
Land right of ways	139,482,627	Improvements	15,673,130
Buildings	15,746,115	Machinery and equipment	2,174,275
Machinery and equipment	7,894,094	System lines	76,655,516
Streets	24,337,173	Total	97,409,059
Bridges	1,596,735		
Total	192,042,201		
Less Accumulated Depreciation	23,201,570	Less Accumulated Depreciation	44,031,935
Net Capital Assets	\$ 168,840,631	Net Capital Assets	\$ 53,377,124