

VILLAGE OF PALATINE, ILLINOIS



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED
DECEMBER 31, 2009**

VILLAGE OF PALATINE, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
December 31, 2009

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, 2009

MAYOR

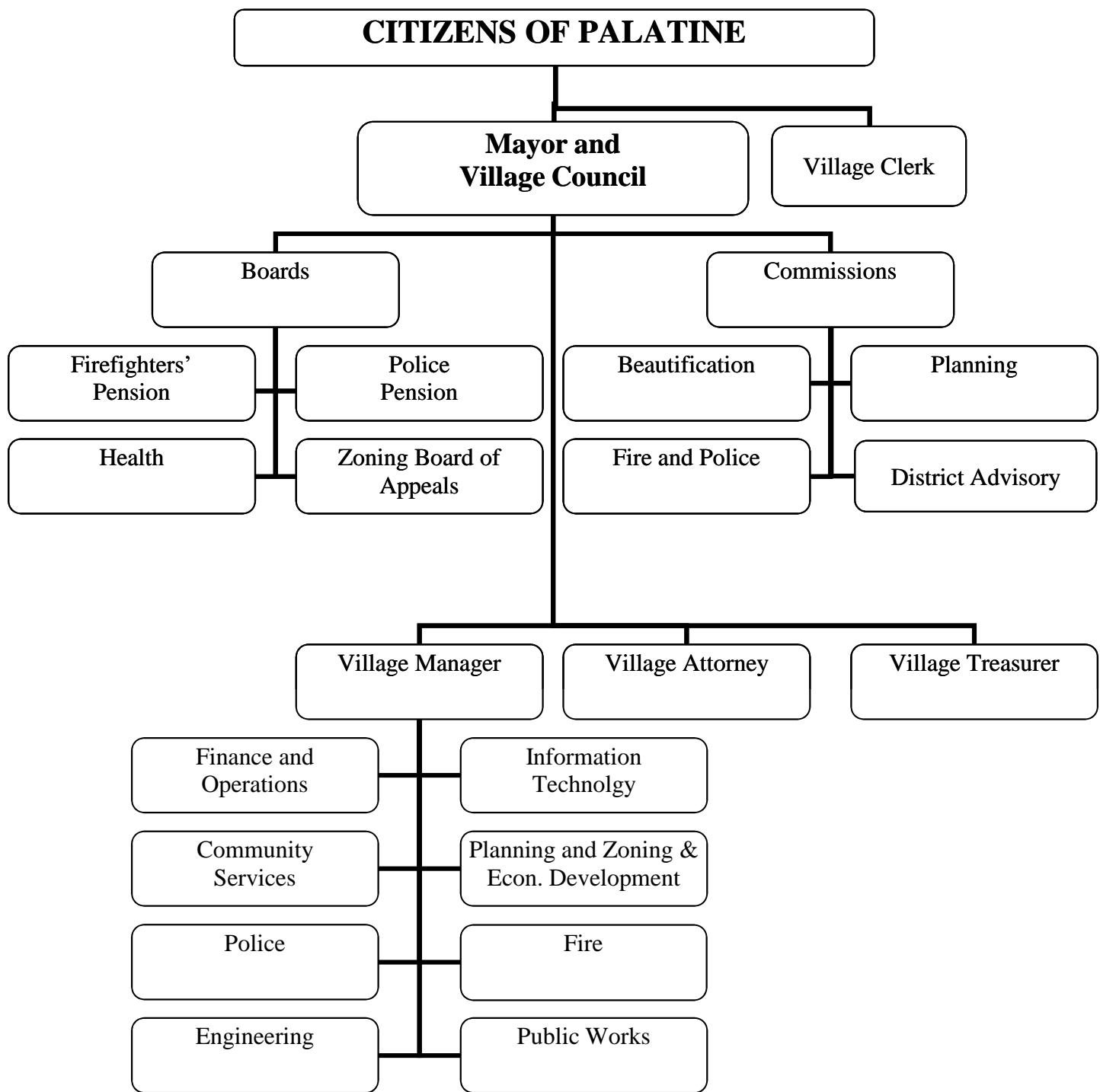
Rita L. Mullins

VILLAGE COUNCIL

Aaron B. Del Mar	District 1
Scott Lamerand	District 2
Jim Clegg	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
Jeffrey T. Boundy	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, 2008

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.



A handwritten signature in black ink.

President

A handwritten signature in black ink.

Executive Director



VILLAGE OF PALATINE

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FINANCE & OPERATIONS

May 17, 2010

Mayor Schwantz

Members of the Village Council

Village Manager Ottesen

Citizens of the Village of Palatine, Illinois

State law requires that all general-purpose governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting 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, 2009.

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, 2009, 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, 2009, 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 67,440. The Village is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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

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

The Village of Palatine has adopted sections 5/8-2-9.1, through and including sections 5/8-2-9.10 of Chapter 65 of the Illinois Compiled Statutes providing for an annual municipal budget in lieu of the passage of an annual appropriation ordinance. The annual budget serves as the foundation for the Village's financial planning and control. All departments of the Village are required to submit requests for appropriation to the Village Manager each year. The Village Manager uses these requests as the starting point for developing a proposed budget. The Village Manager then presents this proposed budget to the Mayor and Village Council for review. The Mayor and Council are required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 31, the close of the Village's fiscal year. The appropriated budget is prepared by fund and department. The Village Manager may make transfers of appropriations within a fund. Transfers of appropriations between funds, however, require the special approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, the Downtown TIF and the Rand Road Corridor Fund, this comparison is presented on pages 63-65 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 75.

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 2009 decreased by approximately \$1.5 million (11.9%) from the prior year. This decrease reflects the lagging economic conditions. However, the Village's diversified sales tax base cushions economic downturns by not being overly dependent on any one segment.

Palatine's average unemployment rate is some 1.3% lower than the state average and has consistently been 1% to 2% lower than state and national averages. Palatine's median family income, as of the 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.

Wal-Mart – 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. Since its opening, it has spurred additional investments in the surrounding area including but not limited to White Castle, Panda Express, and Sonic Restaurants.

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. During 2009, Caputo’s filed plans with the Village for an expansion to their existing building and to their parking area.

Arlington Toyota – This automotive dealership is located on what was previously a mainly vacant tract of land at a major intersection along Rand Road. The project consists of a new car Toyota dealership building with approximately 82,000 square feet of interior space. The dealership is 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. This project was completed and a grand opening held in November 2009.

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 2009, the Village spent over \$5.1 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 preliminary design stages. This is a critically important intersection in the Village's downtown area.

In addition to its transportation infrastructure, the Village has placed a heavy focus on its ageing utility (water and sanitary sewer) infrastructure. In 2009, the Village commissioned a Village-wide study and evaluation of the current state of its infrastructure in addition to looking out fifteen to twenty years to determine what will be required to maintain the system over that horizon. The result of this study will be a long-term maintenance and replacement plan to ensure the systems continue functioning as required by the Village's customers.

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, 2008. This was the ninth 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. I believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and I am submitting it to the GFOA to determine its eligibility for another certificate.

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



Paul D. Mehring, CPA
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, (the Village) as of and for the year ended December 31, 2009, 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, 2009, 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, 2009, 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, 2009, 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 May 17, 2010 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 black ink that reads "Sibich LLP". The signature is cursive and fluid, with "Sibich" on the top line and "LLP" on the bottom line.

Aurora, Illinois
May 17, 2010

General Purpose External Financial Statements

**VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009**

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 increased by \$10.4 million (5.4%) during the current year. The governmental net assets increased by \$11.0 million and the business-type activities net assets decreased by \$0.6 million.
- The Village's combined Governmental Funds ending fund balance increased \$14.8 million (33.4%).
- At the end of the current year, unreserved - undesignated fund balance for the General Fund was \$10.6 million or 22.8% 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)

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 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Downtown TIF Fund, Rand Road Corridor TIF Fund, General Obligation Bond Fund, and Tax Increment Revenue Refunding Bond 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 - 62 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 63 - 73 of this report. The combining and individual fund statements for non-major governmental, enterprise, and internal service funds are presented on pages 74 - 100 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 increased by \$10.4 million (5.4%) from the prior year. The following analysis will look at net assets of the governmental and business-type activities separately. The total net assets for governmental activities were \$158.6 million, a \$11.0 million (7.7%) increase. The business-type activities net assets were \$50.5 million, a \$0.6 million (1.2%) decrease from the prior year. The following table reflects the condensed statement of net assets for the current and prior years (presented in millions):

	<i>Govern- ment- al Activities 2009</i>	<i>Business- type Activities 2009</i>	<i>Total 2009</i>	<i>Govern- ment- al Activities 2008</i>	<i>Business- type Activities 2008</i>	<i>Total 2008</i>
Current and other assets	\$ 92.5	\$ 19.5	\$ 112.0	\$ 77.5	\$ 22.3	\$ 99.8
Capital assets	180.0	54.4	234.4	169.2	54.8	224.0
Total assets	272.5	73.9	346.4	246.7	77.1	323.8
Noncurrent liabilities	86.7	21.5	108.2	70.6	22.6	93.2
Other liabilities	27.3	1.9	29.2	28.4	2.0	30.4
Total liabilities	114.0	23.4	137.4	99.0	24.6	123.6
Net assets						
Invested in capital assets, net of related debt	133.5	38.9	172.4	102.0	39.9	141.9
Restricted	42.4	-	42.4	21.0	-	21.0
Unrestricted	(17.3)	11.6	(5.7)	24.7	12.6	37.3
Total net assets	\$ 158.6	\$ 50.5	\$ 209.1	\$ 147.6	\$ 51.1	\$ 198.9

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

(See independent auditor's report)

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

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 \$10.4 million increase of combined net assets (which is the Village's bottom line) was the result of the governmental activities net assets increasing by \$11.0 million and the business-type activities net assets decreasing by \$0.6 million.

The governmental activities total assets increased by \$25.8 million and the governmental activities total liabilities increase by \$15.0 million. The increase in total assets is mainly due to two factors: Capital Assets increased by \$10.8 due to two properties purchased by the Village for a new Fire Station and Police Headquarters and current and other assets increased by \$15.0 million mainly as a result of the Village acquiring property for anticipated sales to developers to facilitate potential future economic redevelopment projects. The decrease in governmental activities total liabilities was from a variety of causes. Other liabilities decreased by \$1.1 million from a variety of factors, mainly, but not limited to a \$1.5 million decrease in accounts payable at year end. Long-term liabilities increased by \$16.1 million mainly based on debt issuances to finance the property acquisitions noted above (a \$33.3 million increase); the early redemption of TIF Revenue Bonds and Notes and regular bond principal payments (a \$17.2 million decrease); and the decrease in the Village's net pension obligation (a \$0.2 million decrease).

The business-type activities total assets decreased by \$3.2 million and total liabilities of the business-type activities decreased by \$1.2 million. The decrease in total assets is due mainly to the decrease of \$3.2 in cash and investments, which resulted mainly from the drawing down of \$2.9 million in cash in the Sewerage Fund from prior years' bond issues. The decrease in total liabilities is mainly a result of a \$1.1 million decrease in noncurrent liabilities, which represents a decrease due to regular bond principal payments.

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

Changes in Net Assets

The Village's combined change in net assets increased by \$10.4 million from the prior year. The Village's total revenues decreased by \$6.2 million and the cost of all programs decreased by \$18.1 million. The following chart shows the revenue and expenses of the Village's activities (presented in millions):

	<i>Governmental Activities 2009</i>	<i>Business-type Activities 2009</i>	<i>Total 2009</i>	<i>Governmental Activities 2008</i>	<i>Business-type Activities 2008</i>	<i>Total 2008</i>
Revenues						
Program revenues						
Charges for services	\$ 8.2	\$ 14.6	\$ 22.8	\$ 7.1	\$ 14.3	\$ 21.4
Operating grants	2.3	-	2.3	2.0	-	2.0
Capital grants & contributions	1.6	-	1.6	6.3	-	6.3
General revenues						
Property and replacement taxes	34.5	-	34.5	33.8	-	33.8
Other taxes	21.5	-	21.5	24.2	-	24.2
Other revenues	0.8	-	0.8	1.6	0.4	2.0
Total revenues	68.9	14.6	83.5	75.0	14.7	89.7
Expenses						
Governmental activities						
General government	6.0	-	6.0	9.2	-	9.2
Public safety	34.6	-	34.6	31.8	-	31.8
Public works	12.3	-	12.3	13.2	-	13.2
Economic development	1.6	-	1.6	17.2	-	17.2
Interest & fiscal charges	3.4	-	3.4	3.7	-	3.7
Business-type						
Waterworks	-	6.2	6.2	-	6.3	6.3
Sewerage	-	3.4	3.4	-	3.9	3.9
Refuse collection	-	1.4	1.4	-	1.6	1.6
Motor vehicle parking	-	4.2	4.2	-	4.3	4.3
Total expenses	57.9	15.2	73.1	75.1	16.1	91.2
Change in net assets	11.0	(0.6)	10.4	(0.1)	(1.4)	(1.5)
Net assets – beginning, restated	147.6	51.1	198.7	147.7	52.5	200.2
Net assets – ending	\$ 158.6	\$ 50.5	\$ 209.1	\$ 147.6	\$ 51.1	\$ 198.7

Normal Impacts

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

Revenues:

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

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

(See independent auditor's report)

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

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.

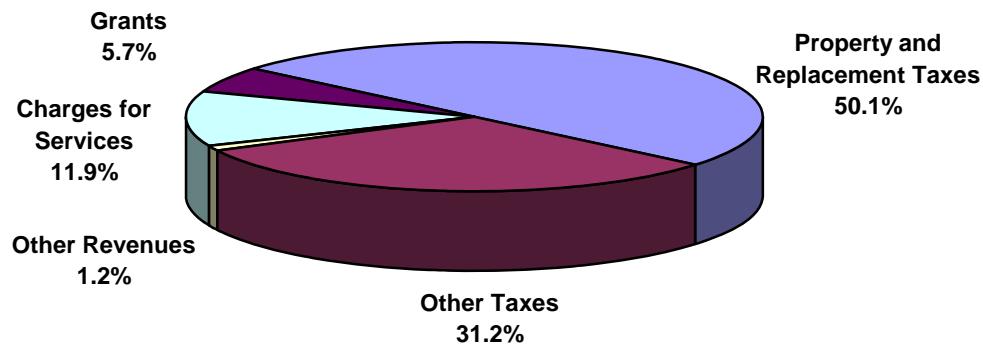
Inflation - while overall inflation appears to be reasonably modest, the Village is a major consumer of certain commodities such as supplies, fuels, and parts. Some functions may experience unusual commodity-specific increases.

Current Year Impacts

Governmental Activities

Revenues:

CY 2009 Governmental Activities - Revenue by Source



For the current year, revenues from Governmental Activities totaled \$68.9 million. Property and replacement taxes continue to be the Village's largest revenue source coming in at \$34.5 million and representing 50.1% of total Governmental Activity revenue. Other Taxes consisting mainly of sales tax (State and Home Rule), food and beverage tax, telecommunications tax, and shared

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

state income tax revenues total \$21.5 million and represent 31.2% of the total Governmental Activity revenue.

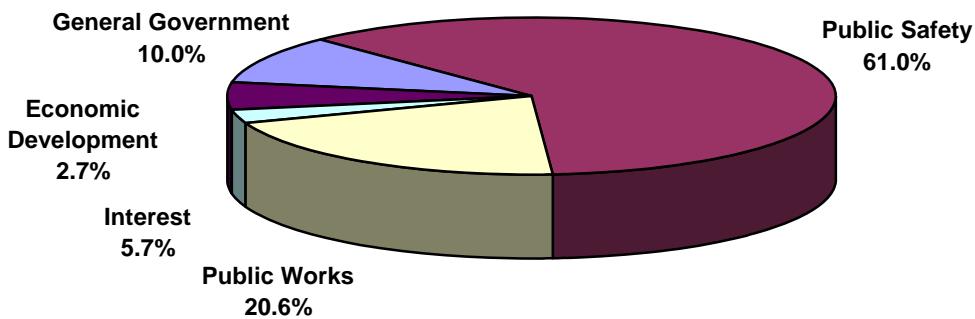
Property and replacement tax receipts increased by \$0.7 million mainly due to an increase in the Village's annual property tax levy.

Village sales tax receipts decreased slightly due to adverse economic conditions throughout the country. For the current year, sales tax decreased by \$1.5 million (11.9%) 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 (grand opening occurred in November 2009), the Village expects to see an increase in its sales tax receipts.

The combined decrease in all other taxes was \$1.2 million (10.3%). This decrease is a direct result of the lagging economic conditions. The charges for services category increase of \$1.1 million results from a renewed focus on better aligning the cost of service and the fees charged for such service. The grant categories decreased by \$4.4 million, mainly on the strength of a one-time \$5.5 million grant being received in the prior year.

Expenses

CY 2009 Governmental Activities - Expenses by Function



For the current year, expenses from Governmental Activities totaled \$57.9 million, which represents a \$17.2 million (23.0%) decrease from the prior year.

General government and public works expenses show decreases of \$3.2 million (34.8%) and \$0.9 million (6.8%), respectively, due to cost cutting initiatives undertaken in response to reduced revenues. Public safety expenses experienced a \$2.8 million (8.8%) increase, which was mainly the result of \$2.3 million in capital outlay-type expenses that did not result in capitalization. This \$2.3 million was comprised of \$1.2 million in items individually below the established capitalization policy (computers, squad cars, etc.) and \$1.1 million in Special Service Area expenditures that did not result in a fixed asset for the Village (specific improvements of the Area on private property).

Business-Type Activities

Revenues

Total revenue for the business-type activities experienced a slight \$0.1 million decrease in the current year. The combined water and sewer rate was increased by \$0.13 (5.3%) and there were

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

no increases in either the refuse collection rate or commuter parking lot fees. Even with the aforementioned rate increase, a decrease in water consumption resulted in decreased revenues for the year.

Expenses

Business-type activity total expenses decreased by \$0.9 million (5.6%) as a result of cost cutting initiatives undertaken in response to reduced revenues.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental Funds

The Governmental Funds (as presented on page 6-9) reported a combined total fund balance of \$59.1 million, which is a \$14.8 million increase from the prior year balance of \$44.3 million. This increase is mainly attributable to \$16.5 million in bond issuances within TIF Districts for economic development purposes. Of the total fund balance, \$10.5 million is unreserved indicating availability for continuing Village services. Reserved fund balances of \$48.6 million includes \$5.8 million for advances, \$0.1 million for inventories and prepaid items, \$22.6 million for land held for resale, \$0.1 million for maintenance of roadways, \$6.9 million for debt service, \$12.8 million for special projects, and \$0.3 million for public safety.

The General Fund is the Village's primary operating fund and the largest source of day-to-day service delivery. The General Fund's total fund balance decreased by \$0.7 million (3.5%) from the prior year; whereas, the fund balance for the prior year showed a decrease of \$1.1 million. The net change in fund balance for the current year represents a \$0.5 million increase in operations. Revenues decreased by \$2.0 million and expenditures also decreased by \$2.5 million, resulting in a \$0.6 million negative outcome from operations as compared to the \$1.1 million negative outcome in the prior year, both before other financing uses (transfers). Net financing uses increased by \$0.1 million, which had a negative effect on fund balance.

GENERAL FUND BUDGETARY HIGHLIGHTS
(presented in millions)

	<i>CY 2009 Original</i>	<i>CY 2009 Final Budget</i>	<i>CY 2009 Actual</i>	<i>CY 2008 Actual</i>
Revenues	\$ 48.5	\$ 48.6	\$ 46.0	\$ 48.0
Expenditures	47.5	47.2	46.6	49.1
Excess of revenues over expenditures	1.0	1.4	(0.6)	(1.1)
Other financing sources (uses)	(0.8)	-	(0.1)	-
Net change in fund balance	\$ 0.2	\$ 1.4	\$ (0.7)	\$ (1.1)

Many revenues performed well in the fiscal year and include:

	<i>Calendar Year 2009</i>	<i>Calendar Year 2008</i>	<i>Increase/ (Decrease)</i>
Municipal sales tax	\$ 7.1	\$ 7.9	\$ (0.8)
Home rule sales tax	4.0	4.7	(0.7)
State income tax	5.5	6.3	(0.8)

(See independent auditor's report)

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

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 \$2.6 million and \$0.6 million lower than the final budgeted amounts, respectively. A majority of the expenditure budget variance was due to decreased actual spending to offset decreased revenues.

The Downtown TIF Fund experienced a positive net change in fund balance in the amount of \$9.2 mainly as a result of an \$8.5 million bond issue for economic development activity. The Tax Increment Revenue Refunding Bond Fund experienced a negative net change in fund balance of \$3.7 million due mainly to a planned early redemption of bonds in the amount of \$5.8 million. The Rand Corridor TIF Fund experienced a positive net change in fund balance in the amount of \$10.0 as a result of an \$8.0 million bond issue to acquire land held for resale and reduced economic development activity. The General Obligation Bond Fund essentially operated at a break-even level with a net change in fund balance of \$(0.1), based mainly on lower investment income than usual.

Proprietary Funds

The Enterprise Funds' (as presented on pages 12-17) total net assets decreased by \$0.6 million (1.2%). This decrease is primarily a result of the net loss in the Motor Vehicle Parking System Fund of \$0.8 million, which is due to maintenance activities at the Village's parking garage outpacing the revenues derived from parking fees.

CAPITAL ASSETS

The Village's investment in capital assets for its governmental and business-type activities amounts to \$234.5 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 increase (including additions and deductions) of \$12.3 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 increased from last year by \$10.8 million. This is primarily attributable to land acquired for public safety facilities (new Fire Station and new Police Headquarters). The business-type activities net capital assets increased by \$1.0 million as a result of additions totaling \$3.7 million and depreciation totaling \$2.7 million.

DEBT OUTSTANDING

In calendar year 2009, the Village issued General Obligation Bonds Series 2009A through 2009G in the total amount of \$35,150,000.

The Village currently has twenty-five general obligation bond series, one general obligation capital appreciation bond series, and one tax increment revenue limited obligation redevelopment notes series outstanding. \$100.0 million of general obligation bonds, \$4.6 million of general obligation capital appreciation bonds and \$0.1 million of tax increment revenue limited obligation redevelopment notes are currently outstanding.

\$65.4 million (65.4%) of the \$100.0 million currently outstanding general obligation bonds were issued for improvements in the Village's various TIF Districts. The issuance of these bonds did

(See independent auditor's report)

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

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 2009, Moody's Investors Service and Standard and Poor's reaffirmed the Village's bond ratings at AA2 and AA+, respectively. 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 39-44.

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 lag 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 2010 budget includes a slight increase in property tax revenues, due to increased pension funding requirements. Sales taxes are projected to increase slightly due to the assumption that the economy will stabilize; 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 the continued down-turn in the market. State income tax revenue is expected to continue to decrease. A combined \$0.15 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 1.0%. 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, 2009

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 41,092,478	\$ 5,781,482	\$ 46,873,960
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	22,126,014	-	22,126,014
Accounts	-	1,432,882	1,432,882
Other	633,285	262,194	895,479
Accrued interest	13,298	623	13,921
Due from other funds	88,369	307,878	396,247
Prepaid expenses	167,045	127,525	294,570
Due from other governments	4,529,386	-	4,529,386
Deferred charges	1,046,585	99,139	1,145,724
Inventories	198,530	-	198,530
Land held for resale	22,554,647	-	22,554,647
Advance to fiduciary fund	41,965	-	41,965
Investment in joint venture			
Northwest Water Commission	-	11,474,021	11,474,021
Capital assets not being depreciated	154,299,245	2,906,138	157,205,383
Capital assets being depreciated (net of accumulated depreciation)	25,755,678	51,492,323	77,248,001
 Total assets	 272,546,525	 73,884,205	 346,430,730
LIABILITIES			
Accounts payable	1,938,801	842,678	2,781,479
Accrued payroll	1,975,442	59,920	2,035,362
Accrued interest payable	398,350	57,860	456,210
Due to fiduciary fund	87,306	-	87,306
Due to other funds	88,369	307,878	396,247
Deposits payable	424,148	175,842	599,990
Claims payable	661,059	-	661,059
Other payables	234,020	696	234,716
Unearned property tax revenue	21,400,906	-	21,400,906
Other deferred revenues	4,030	414,954	418,984
Noncurrent liabilities			
Due within one year	5,804,005	1,628,480	7,432,485
Due in more than one year	80,946,614	19,856,125	100,802,739
 Total liabilities	 113,963,050	 23,344,433	 137,307,483
NET ASSETS			
Invested in capital assets, net of related debt	133,517,262	38,891,700	172,408,962
Restricted for			
Streets and highways	162,852	-	162,852
Debt service	6,861,017	-	6,861,017
Capital projects	35,375,963	-	35,375,963
Unrestricted	(17,333,619)	11,648,072	(5,685,547)
 TOTAL NET ASSETS	 \$ 158,583,475	 \$ 50,539,772	 \$ 209,123,247

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	Program Revenues			
	Expenses	Charges for Services	Operating Grants	Capital Grants and Contributions
Governmental Activities				
General government	\$ 6,025,954	\$ 4,192,225	\$ -	\$ 434,316
Public safety	34,640,294	3,750,916	410,619	157,950
Public works	12,267,758	259,356	1,792,724	-
Economic development	1,539,146	-	59,152	1,000,000
Interest and fiscal charges	3,411,066	-	-	-
Total governmental activities	<u>57,884,218</u>	<u>8,202,497</u>	<u>2,262,495</u>	<u>1,592,266</u>
Business-Type Activities				
Waterworks	6,188,396	6,417,950	-	-
Sewerage	3,391,245	3,128,333	-	4,271
Motor vehicle parking system	1,431,482	630,319	-	-
Refuse collection	4,227,437	4,414,604	-	-
Total business-type activities	<u>15,238,560</u>	<u>14,591,206</u>	<u>-</u>	<u>4,271</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 73,122,778</u>	<u>\$ 22,793,703</u>	<u>\$ 2,262,495</u>	<u>\$ 1,596,537</u>

Net (Expense) Revenue and Change in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,399,413)	\$ -	\$ (1,399,413)
(30,320,809)	-	(30,320,809)
(10,215,678)	-	(10,215,678)
(479,994)	-	(479,994)
(3,411,066)	-	(3,411,066)
(45,826,960)	-	(45,826,960)
	229,554	229,554
-	(258,641)	(258,641)
-	(801,163)	(801,163)
-	187,167	187,167
-	(643,083)	(643,083)
(45,826,960)	(643,083)	(46,470,043)

General Revenues

Taxes			
Property and replacement	34,470,637	-	34,470,637
Sales	7,070,406	-	7,070,406
Home rule sales	3,992,663	-	3,992,663
Use	834,769	-	834,769
Telecommunications	2,834,118	-	2,834,118
Income	5,476,622	-	5,476,622
Food and beverage	1,045,860	-	1,045,860
Other	240,351	-	240,351
Investment income	400,701	31,731	432,432
Miscellaneous	403,633	-	403,633
Gain on disposal of capital assets	50,333	-	50,333
Total	56,820,093	31,731	56,851,824
CHANGE IN NET ASSETS			
	10,993,133	(611,352)	10,381,781
NET ASSETS, JANUARY 1	147,227,782	51,151,124	198,378,906
Prior period adjustment	362,560	-	362,560
NET ASSETS, JANUARY 1, AS RESTATED	147,590,342	51,151,124	198,741,466
NET ASSETS, DECEMBER 31	\$ 158,583,475	\$ 50,539,772	\$ 209,123,247

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2009

	General	Downtown TIF	Rand Road Corridor TIF	General Obligation Bond	Tax Increment Revenue Refunding Bond Series of 1998	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 8,684,369	\$ 7,510,315	\$ 1,558,452	\$ 2,108,436	\$ 4,655,757	\$ 10,305,135	\$ 34,822,464
Receivables (net, where applicable, of allowances for uncollectibles)							
Property taxes	19,008,383	173,591	173,096	2,756,487	14,457	-	22,126,014
Other	492,897	1,471	-	-	-	-	494,368
Accrued interest	-	-	-	1,154	-	4,346	5,500
Prepays	116,643	-	-	-	-	-	116,643
Due from other funds	77,318	-	-	-	-	-	77,318
Due from other governments	3,714,502	-	-	-	-	814,884	4,529,386
Inventories	3,445	-	-	-	-	-	3,445
Land held for resale	-	12,414,849	10,139,798	-	-	-	22,554,647
Advance to other funds	5,777,920	-	-	-	-	-	5,777,920
Advance to fiduciary fund	-	-	-	-	-	41,965	41,965
TOTAL ASSETS	\$ 37,875,477	\$ 20,100,226	\$ 11,871,346	\$ 4,866,077	\$ 4,670,214	\$ 11,166,330	\$ 90,549,670

	General	Downtown TIF	Rand Road Corridor TIF	General Obligation Bond	Tax Increment Revenue Refunding Bond Series of 1998	Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 344,057	\$ 89,239	\$ 582,849	\$ -	\$ 465,638	\$ 1,481,783	
Accrued payroll	1,954,127	-	-	-	-	-	1,954,127
Due to other funds	-	-	-	-	-	77,318	77,318
Deposits payable	424,148	-	-	-	-	-	424,148
Other payables	65,091	81,495	85,757	-	-	1,677	234,020
Due to fiduciary funds	87,306	-	-	-	-	-	87,306
Deferred property taxes	18,494,720	-	-	2,675,274	-	230,912	21,400,906
Advance from other funds	-	5,777,920	-	-	-	-	5,777,920
Total liabilities	21,369,449	5,948,654	668,606	2,675,274	-	775,545	31,437,528
FUND BALANCES							
Reserved for inventories	3,445	-	-	-	-	-	3,445
Reserved for advances	5,777,920	-	-	-	-	41,965	5,819,885
Reserved for prepaid items	116,643	-	-	-	-	-	116,643
Reserved for land held for resale	-	12,414,849	10,139,798	-	-	-	22,554,647
Reserved for maintenance of roadways	-	-	-	-	-	162,852	162,852
Reserved for debt service	-	-	-	2,190,803	4,670,214	-	6,861,017
Reserved for special projects	-	1,736,723	1,062,942	-	-	10,021,651	12,821,316
Reserved for public safety	-	-	-	-	-	271,092	271,092
Unreserved							
Capital projects funds (deficit)	-	-	-	-	-	(106,775)	(106,775)
Undesignated - General Fund	10,608,020	-	-	-	-	-	10,608,020
Undesignated - Special Revenue Funds	-	-	-	-	-	-	-
Total fund balances	16,506,028	14,151,572	11,202,740	2,190,803	4,670,214	10,390,785	59,112,142
TOTAL LIABILITIES AND FUND BALANCES							
	\$ 37,875,477	\$ 20,100,226	\$ 11,871,346	\$ 4,866,077	\$ 4,670,214	\$ 11,166,330	\$ 90,549,670

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, 2009

FUND BALANCES OF GOVERNMENTAL FUNDS	\$	59,112,142
 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	180,054,923	
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(83,451,625)	
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	1,046,585	
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	74,865	
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	(213,555)	
Loss on refundings are reported as reduction of long-term debt on the statement of net assets	158,475	
Accrued interest on long-term debt is reported as a liability on the statement of net assets	(398,350)	
Compensated absences payable is not due and payable in the current period and, therefore, is not reported in governmental funds	(1,655,107)	
Less compensated absences payable reported in internal service funds	54,541	
The net assets of the internal service fund are included in the governmental activities in the statement of net assets	5,464,253	
The net OPEB obligation is not a current financial resource and, therefore, is not reported in the governmental funds	(449,820)	
The net pension obligation is not a current financial resource and, therefore, is not reported in the governmental funds	<u>(1,213,852)</u>	
 NET ASSETS OF GOVERNMENTAL ACTIVITIES	 <u>\$ 158,583,475</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, 2009

	General	Downtown TIF	Rand Road Corridor TIF	General Obligation Bond	Tax Increment Revenue Refunding Bond Series of 1998	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 31,796,000	\$ 6,268,686	\$ 3,316,353	\$ 2,593,318	\$ 3,680,329	\$ 2,834,118	\$ 50,488,804
Licenses and permits	3,081,984	-	-	-	-	-	3,081,984
Intergovernmental	6,750,546	-	-	59,152	-	2,564,743	9,374,441
Charges for services	1,812,561	-	-	-	-	32,861	1,845,422
Fines and forfeits	1,856,800	-	-	-	-	91,279	1,948,079
Investment income	307,689	12,194	3,680	7,839	48,350	24,946	404,698
Contributions	-	-	1,000,000	-	-	-	1,000,000
Miscellaneous	354,154	25,028	-	-	-	304,408	683,590
Total revenues	45,959,734	6,305,908	4,320,033	2,660,309	3,728,679	5,852,355	68,827,018
EXPENDITURES							
Current							
General government	8,507,772	-	-	-	-	-	8,507,772
Public safety	31,678,221	-	-	-	-	-	31,678,221
Public works	6,360,644	-	-	-	-	2,010,108	8,370,752
Economic development	-	926,155	491,366	-	-	87,056	1,504,577
Capital outlay	-	-	-	-	-	15,945,994	15,945,994
Debt service							
Principal	-	2,743,429	863,924	2,229,810	6,812,100	-	12,649,263
Interest and fiscal charges	-	1,881,902	831,543	610,982	640,124	-	3,964,551
Bond issuance costs	-	-	84,983	209,504	-	-	294,487
Total expenditures	46,546,637	5,551,486	2,271,816	3,050,296	7,452,224	18,043,158	82,915,617
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES							
	(586,903)	754,422	2,048,217	(389,987)	(3,723,545)	(12,190,803)	(14,088,599)

	General	Downtown TIF	Rand Road Corridor TIF	General Obligation Bond	Tax Increment Revenue Refunding Bond Series of 1998	Nonmajor Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)							
Bonds issued, at par	\$ -	\$ 8,500,000	\$ 8,000,000	\$ 4,809,660	\$ -	\$ 12,030,655	\$ 33,340,315
Bond premium	-	-	-	152,558	-	-	152,558
Payment to refunded bond escrow	-	-	-	(4,678,260)	-	-	(4,678,260)
Proceeds from sale of capital assets	-	-	-	-	-	88,594	88,594
Transfers in	-	-	-	-	-	84,456	84,456
Transfers(out)	(84,456)	-	-	-	-	-	(84,456)
Total other financing sources (uses)	(84,456)	8,500,000	8,000,000	283,958	-	12,203,705	28,903,207
NET CHANGE IN FUND BALANCES	(671,359)	9,254,422	10,048,217	(106,029)	(3,723,545)	12,902	14,814,608
FUND BALANCES, JANUARY 1	17,177,387	4,897,150	1,154,523	2,296,832	8,393,759	10,377,883	44,297,534
FUND BALANCES, DECEMBER 31	\$ 16,506,028	\$ 14,151,572	\$ 11,202,740	\$ 2,190,803	\$ 4,670,214	\$ 10,390,785	\$ 59,112,142

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, 2009

NET CHANGE IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS	\$ 14,814,608
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	12,599,098
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	(1,709,105)
The issuance of long-term debt is reported as an other financing source in governmental funds but as an increase of principal outstanding in the statement of activities	(33,340,315)
The repayment of principal on long-term debt is reported as an expenditure in governmental funds but as a reduction of principal outstanding in the statement of activities	17,218,444
The loss on refunding of bonds is reported as a deferred charge in the statement of activities	109,080
Proceeds from the sale of capital assets are reported as an other financing source in the governmental funds	(88,594)
Gain on disposal of capital assets is reported as revenue in the statement of activities	50,333
Bond issuance costs are reported as expenditures in the governmental funds and are deferred in the statement of activities	406,245
The amortization of issuance costs on long-term debt is reported as an expense on the statement of activities	(94,345)
The amortization of discount on long-term debt is reported as an expense on the statement of activities	(5,480)
The premium on long-term debt issued is reported as an other financing source in the governmental funds and are deferred in the statement of activities	(152,560)
The amortization of premium on long-term debt is reported as revenue on the statement of activities	21,120
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	532,783
The change in compensated absences payable is shown as an expense on the statement of activities	(91,549)
The change in net assets of certain activities of internal service funds is reported in governmental funds on the statement of activities	662,779
The change in net OPEB obligation is not a current financial resource and, therefore, is not reported in the governmental funds	(124,527)
The change in net pension obligation is not a current financial resource and, therefore, is not reported in the governmental funds	197,468
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 10,993,133

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

December 31, 2009

	Business-Type Activities					Governmental Activities	
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service	
CURRENT ASSETS							
Cash and investments	\$ -	\$ 3,082,567	\$ 1,008,513	\$ 1,690,402	\$ 5,781,482	\$ 6,270,014	
Receivables (net, where applicable, of allowances for uncollectibles)							
Accounts	878,277	454,469	-	100,136	1,432,882	-	
Other	8,420	71,994	-	181,780	262,194	138,917	
Accrued interest	-	-	-	623	623	7,798	
Prepaid expenses	-	-	-	127,525	127,525	50,402	
Due from other funds	-	307,878	-	-	307,878	11,051	
Inventories	-	-	-	-	-	195,085	
Deferred charges	47,165	51,974	-	-	99,139	-	
Total current assets	933,862	3,968,882	1,008,513	2,100,466	8,011,723	6,673,267	
NONCURRENT ASSETS							
Capital assets							
Land	740,200	-	2,165,938	-	2,906,138	-	
Systems and improvements	23,451,212	56,827,566	15,673,130	-	95,951,908	-	
Machinery and equipment	1,967,489	221,450	-	-	2,188,939	-	
Accumulated depreciation	(11,728,446)	(29,327,458)	(5,592,620)	-	(46,648,524)	-	
Net capital assets	14,430,455	27,721,558	12,246,448	-	54,398,461	-	
Other assets							
Investment in joint venture							
Northwest Water Commission	11,474,021	-	-	-	11,474,021	-	
Total noncurrent assets	25,904,476	27,721,558	12,246,448	-	65,872,482	-	
Total assets	26,838,338	31,690,440	13,254,961	2,100,466	73,884,205	6,673,267	

	Business-Type Activities					Governmental Activities	
	Waterworks	Sewerage	Motor Vehicle	Refuse	Total	Internal	
			Parking System	Collection		Service	
CURRENT LIABILITIES							
Accounts payable	\$ 173,646	\$ 147,739	\$ 57,774	\$ 463,519	\$ 842,678	\$ 457,018	
Accrued payroll	43,215	16,705	-	-	59,920	21,315	
Due to other funds	307,878	-	-	-	307,878	11,051	
Accrued interest payable	12,510	45,350	-	-	57,860	-	
Deposits payable	175,842	-	-	-	175,842	-	
Claims payable	-	-	-	-	-	661,059	
Other payables	696	-	-	-	696	-	
Deferred revenues	-	270,734	-	144,220	414,954	4,030	
Compensated absences payable	15,195	3,115	-	-	18,310	-	
General obligation bonds payable	912,740	697,430	-	-	1,610,170	-	
 Total current liabilities	 1,641,722	 1,181,073	 57,774	 607,739	 3,488,308	 1,154,473	
LONG-TERM LIABILITIES							
Compensated absences payable	60,667	12,377	-	-	73,044	54,541	
General obligation bonds payable	7,938,818	11,844,263	-	-	19,783,081	-	
 Total long-term liabilities	 7,999,485	 11,856,640	 -	 -	 19,856,125	 54,541	
 Total liabilities	 9,641,207	 13,037,713	 57,774	 607,739	 23,344,433	 1,209,014	
NET ASSETS							
Invested in capital assets, net of related debt	8,919,640	17,725,612	12,246,448	-	38,891,700	-	
Unrestricted	8,277,491	927,115	950,739	1,492,727	11,648,072	5,464,253	
 TOTAL NET ASSETS	 \$ 17,197,131	 \$ 18,652,727	 \$ 13,197,187	 \$ 1,492,727	 \$ 50,539,772	 \$ 5,464,253	

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, 2009

	Business-Type Activities					Governmental Activities
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service
OPERATING REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 112,050
Charges for services	6,370,034	3,128,333	613,678	4,382,095	14,494,140	8,339,498
Miscellaneous	47,916	-	16,641	32,509	97,066	102,885
Total operating revenues	6,417,950	3,128,333	630,319	4,414,604	14,591,206	8,554,433
OPERATING EXPENSES						
EXCLUDING DEPRECIATION						
Costs of sales and services	4,851,580	1,636,260	657,822	4,227,437	11,373,099	7,911,669
Total operating expenses excluding depreciation	4,851,580	1,636,260	657,822	4,227,437	11,373,099	7,911,669
OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION						
	1,566,370	1,492,073	(27,503)	187,167	3,218,107	642,764
DEPRECIATION AND AMORTIZATION	719,311	1,159,078	773,660	-	2,652,049	-
OPERATING INCOME (LOSS)	847,059	332,995	(801,163)	187,167	566,058	642,764
NONOPERATING REVENUES (EXPENSES)						
Investment income	1,875	24,500	2,132	3,224	31,731	20,015
Loss on disposal of capital assets	(49,375)	-	-	-	(49,375)	-
Interest expense	(523,964)	(595,907)	-	-	(1,119,871)	-
Joint venture	(44,166)	-	-	-	(44,166)	-
Total nonoperating revenues (expenses)	(615,630)	(571,407)	2,132	3,224	(1,181,681)	20,015
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	231,429	(238,412)	(799,031)	190,391	(615,623)	662,779

	Business-Type Activities					Governmental Activities	
	Waterworks	Sewerage	Motor Vehicle	Refuse	Total	Internal	
			Parking System	Collection		Service	
CONTRIBUTIONS	\$ -	\$ 4,271	\$ -	\$ -	\$ 4,271	\$ -	
Total contributions	-	4,271	-	-	4,271	-	
CHANGE IN NET ASSETS	231,429	(234,141)	(799,031)	190,391	(611,352)	662,779	
NET ASSETS, JANUARY 1	16,965,702	18,886,868	13,996,218	1,302,336	51,151,124	4,801,474	
NET ASSETS, DECEMBER 31	\$ 17,197,131	\$ 18,652,727	\$ 13,197,187	\$ 1,492,727	\$ 50,539,772	\$ 5,464,253	

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2009

	Business-Type Activities					Governmental Activities	
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 6,433,223	\$ 3,084,582	\$ 630,319	\$ 4,371,653	\$ 14,519,777	\$ -	\$ -
Receipts from interfund services transactions	307,878	(307,878)	-	-	-	8,583,360	
Payments to suppliers	(3,993,231)	(2,341,058)	(709,900)	(4,205,022)	(11,249,211)	(6,838,958)	
Payments to employees	(927,488)	404,810	-	-	(522,678)	(513,199)	
Net cash from operating activities	1,820,382	840,456	(79,581)	166,631	2,747,888	1,231,203	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Income from joint venture	5,034	-	-	-	5,034	-	
Transfers in	-	-	-	-	-	(92,006)	
Net cash from noncapital financing activities	5,034	-	-	-	5,034	(92,006)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital assets purchased	(1,106,617)	(2,562,499)	-	-	(3,669,116)	-	
Principal payments on long-term debt	(872,780)	(632,410)	-	-	(1,505,190)	-	
Interest paid on long-term debt	(191,054)	(576,833)	-	-	(767,887)	-	
Gain (loss) from sale of capital assets	(49,375)	-	-	-	(49,375)	-	
Proceeds from issuance of long-term debt	-	6,735	-	-	6,735	-	
Payment of bond issuance costs	-	885	-	-	885	-	
Net cash from capital and related financing activities	(2,219,826)	(3,764,122)	-	-	(5,983,948)	-	
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	1,875	24,500	2,132	2,601	31,108	12,218	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS							
	(392,535)	(2,899,166)	(77,449)	169,232	(3,199,918)	1,151,415	
CASH AND CASH EQUIVALENTS, JANUARY 1	392,535	5,981,733	1,085,962	1,521,170	8,981,400	5,118,599	
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ -	\$ 3,082,567	\$ 1,008,513	\$ 1,690,402	\$ 5,781,482	\$ 6,270,014	

	Business-Type Activities					Governmental Activities	
	Waterworks	Sewerage	Motor Vehicle	Refuse	Total	Internal	
			Parking System	Collection		Service	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES							
Operating income (loss)	\$ 847,059	\$ 332,995	\$ (801,163)	\$ 187,167	\$ 566,058	\$ 642,764	
Adjustments to reconcile operating income (loss) to net cash from operating activities							
Depreciation	719,311	1,159,078	773,660	-	2,652,049	-	
(Acrease) decrease in							
Accounts receivables	23,693	(5,422)	-	(51)	18,220	-	
Other receivables	(8,420)	(38,329)	-	(43,970)	(90,719)	28,233	
Due from other funds	-	(307,878)	-	-	(307,878)	-	
Prepaid expenses	-	-	-	8,530	8,530	82,993	
Inventories	-	-	-	-	-	(9,770)	
Increase (decrease) in							
Accounts payable	(72,200)	(318,492)	(52,078)	13,885	(428,885)	298,788	
Accrued payroll	5,365	170	-	-	5,535	(585)	
Deferred revenues	-	-	-	-	-	694	
Claims payable	-	-	-	-	-	188,059	
Due to other funds	307,878	-	-	-	307,878	-	
Deposits payable	(6,964)	-	-	-	(6,964)	-	
Other payables	696	-	-	-	696	-	
Deferred revenues	-	12,487	-	1,070	13,557	-	
Compensated absences payable	3,964	5,847	-	-	9,811	27	
NET CASH FROM OPERATING ACTIVITIES	\$ 1,820,382	\$ 840,456	\$ (79,581)	\$ 166,631	\$ 2,747,888	\$ 1,231,203	

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

December 31, 2009

	Pension Trust	Agency
ASSETS		
Cash and cash equivalents	\$ 4,507,108	\$ 824,891
Investments		
U.S. Treasury securities	25,750,050	-
U.S. agency securities	9,798,462	-
Money market mutual funds	18,766,855	-
Mutual funds	16,937,737	-
Receivables		
Property taxes	-	664,332
Accrued interest	204,896	-
Miscellaneous	3,734	-
Due from primary government	87,306	-
Advance to other funds	-	<u>63,599</u>
 Total assets	 76,056,148	 <u>\$ 1,552,822</u>
 LIABILITIES		
Deferred revenues	61,597	\$ -
Other liabilities	-	631,965
Due to bondholders	-	878,892
Advances from other funds	-	<u>41,965</u>
 Total liabilities	 61,597	 <u>\$ 1,552,822</u>
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
	 <u>\$ 75,994,551</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, 2009

ADDITIONS

Contributions	
Employer	\$ 3,099,145
Employee	<u>1,724,985</u>
Total contributions	<u>4,824,130</u>
Investment income	
Net appreciation in fair value of investments	4,129,417
Interest	<u>1,655,027</u>
Total investment income	5,784,444
Less investment expense	<u>(292,969)</u>
Net investment income	<u>5,491,475</u>
Miscellaneous income	<u>6,583</u>
Total additions	<u>10,322,188</u>

DEDUCTIONS

Administration	49,871
Benefits	4,412,688
Refunds of benefits	<u>119,749</u>
Total deductions	<u>4,582,308</u>

NET INCREASE 5,739,880

**NET ASSETS HELD IN TRUST
FOR PENSION BENEFITS**

January 1	<u>70,254,671</u>
December 31	<u>\$ 75,994,551</u>

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village's police employees and because of the fiduciary nature of such activities, PPERS is reported as a pension trust fund.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Firefighters' Pension Employees Retirement System

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, 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, FPERS is reported as a pension trust fund. 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The 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 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Property taxes, sales taxes owed to the 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments

Cash and Cash Equivalents

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

Investments

Investments with a maturity of 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)

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 and the Rand Corridor District that the Village owns and is holding until sold. It is anticipated that these parcels will be sold in 2010.

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)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. 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, 2009, 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.

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

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.

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

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, 2009:

Investment Type	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	Greater than 10
Money market mutual funds	\$ 9,713,829	\$ 9,713,829	\$ -	\$ -	\$ -
Illinois Funds	<u>20,199,970</u>	<u>20,199,970</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	\$ 29,913,799	\$ 29,913,799	\$ -	\$ -	\$ -

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 (DVP) 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, 2009, 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, 2009 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, 2009:

Investment Type	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 3,233,568	\$ -	\$ 2,455,189	\$ 778,379	\$ -
U.S. agency obligations	8,958,535	1,151,639	-	1,198,960	6,607,936
Money market mutual funds	3,601,892	3,601,892	-	-	-
Illinois Funds	3,608,797	3,608,797	-	-	-
TOTAL	\$ 19,402,792	\$ 8,362,328	\$ 2,455,189	\$ 1,977,339	\$ 6,607,936

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

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 (DVP) 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, 2009. At December 31, 2009, 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, 2009 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, 2009:

Investment Type	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 22,516,482	\$ -	\$ 22,516,482	\$ -	\$ -
U.S. agency obligations	839,927	-	800,599	13,494	25,834
Money market mutual funds	15,164,963	15,164,963	-	-	-
Illinois Funds	800,490	800,490	-	-	-
TOTAL	\$ 39,321,862	\$ 15,965,453	\$ 23,317,081	\$ 13,494	\$ 25,834

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

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 (DVP) 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, 2009. At December 31, 2009, the Firefighters' 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 Firefighters' Pension Fund's investment policy.

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

3. RECEIVABLES

a. Taxes

Property taxes for 2009 attach as an enforceable lien on January 1, 2009, 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, 2010 and August 1, 2010 and are payable in two installments, on or about March 1, 2010 and September 1, 2010. 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 2009 tax levy has been recorded as unearned revenue on the financial statements.

b. Other Receivables

At December 31, 2009, the Village had other receivables as follows:

GOVERNMENTAL ACTIVITIES	
Quarterly highway maintenance	\$ 92,091
Hotel occupancy tax	15,164
Insurance reimbursement	30,654
Ambulance service and fees	86,143
Cable franchise fees	101,600
Food and beverage tax	112,283
Other	32,316
RedSpeed red light	39,623
Personal property replacement tax	13,196
Excess insurance reimbursement	<u>110,215</u>
 Total governmental activities	 <u>633,285</u>
BUSINESS-TYPE ACTIVITIES	
Disposal fees	181,780
Sewer loan program	71,994
Other	8,420
 Total business-type activities	 <u>262,194</u>
TOTAL OTHER RECEIVABLES	
	\$ <u>895,479</u>

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

3. RECEIVABLES (Continued)

c. Due from Other Governments

At December 31, 2009, the Village had amounts due from other governments as follows:

State sales tax		\$ 2,236,783
Grants		44,560
Court fines		98,736
Other state sources		215,786
Motor fuel tax allotments		138,730
Telecommunications tax		672,906
Income tax		<u>1,121,885</u>
 TOTAL DUE FROM OTHER GOVERNMENTS		 <u>\$ 4,529,386</u>

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009 was as follows:

	^{*Beginning} Balance, as Restated	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 2,985,457	\$ 10,732,639	\$ -	\$ 13,718,096
Construction in Progress	-	774,223	-	774,223
Land right of way	139,845,187	-	38,261	139,806,926
Total capital assets not being depreciated	<u>142,830,644</u>	<u>11,506,862</u>	<u>38,261</u>	<u>154,299,245</u>
Capital assets being depreciated				
Buildings and improvements	15,746,115	4,180	-	15,750,295
Machinery and equipment	7,894,094	1,088,056	162,120	8,820,030
Streets	24,337,173	-	-	24,337,173
Bridges	1,596,735	-	-	1,596,735
Total capital assets being depreciated	<u>49,574,117</u>	<u>1,092,236</u>	<u>162,120</u>	<u>50,504,233</u>
Less accumulated depreciation for				
Buildings and improvements	5,970,375	638,830	-	6,609,205
Machinery and equipment	5,034,420	539,320	162,120	5,411,620
Streets	11,566,160	498,950	-	12,065,110
Bridges	630,615	32,005	-	662,620
Total accumulated depreciation	<u>23,201,570</u>	<u>1,709,105</u>	<u>162,120</u>	<u>24,748,555</u>
Total capital assets being depreciated, net	<u>26,372,547</u>	<u>(616,869)</u>	<u>-</u>	<u>25,755,678</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 169,203,191</u>	<u>\$ 10,889,993</u>	<u>\$ 38,261</u>	<u>\$ 180,054,923</u>

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

4. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 2,906,138	\$ -	\$ -	\$ 2,906,138
Construction in progress	1,548,940	-	1,548,940	-
Total capital assets not being depreciated	4,455,078	-	1,548,940	2,906,138
Capital assets being depreciated				
Equipment	625,335	1,563,604	-	2,188,939
Water system	22,383,020	1,141,327	73,135	23,451,212
Sewer system	54,272,496	2,566,770	11,700	56,827,566
Parking improvements	15,673,130	-	-	15,673,130
Total capital assets being depreciated	92,953,981	5,271,701	84,835	98,140,847
Less accumulated depreciation for				
Equipment	409,535	214,885	-	624,420
Water system	10,696,730	526,576	23,760	11,199,546
Sewer system	28,106,710	1,136,928	11,700	29,231,938
Parking improvements	4,818,960	773,660	-	5,592,620
Total accumulated depreciation	44,031,935	2,652,049	35,460	46,648,524
Total capital assets being depreciated, net	48,922,046	2,619,652	49,375	51,492,323
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	\$ 53,377,124	\$ 2,619,652	\$ 1,598,315	\$ 54,398,461

*Beginning capital assets were restated by \$362,260. This restatement was to account for the additional land right of way that should have been recorded in previous years.

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

GOVERNMENTAL ACTIVITIES	
General government	\$ 156,265
Public works	950,265
Public safety	602,575
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	\$ 1,709,105

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 have been issued for both governmental and business-type activities. The original amount of general obligation bonds in prior years was \$82,377,111. During the year, general obligation bonds totaling \$6,415,000 were issued to refund other general obligation bonds.

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

Purpose	Interest Rates	Amount
Governmental activities	2.500% - 5.950%	\$ 68,412,332
Governmental activities - refunding	1.160% - 5.250%	14,890,745
Business-type activities	3.375% - 5.500%	13,115,000
Business-type activities - refunding	1.160% - 5.250%	3,614,255
Business-type activities - capital appreciation ⁽¹⁾	7.100%	<u>4,620,661</u>
TOTAL		<u>\$ 104,652,993</u>

⁽¹⁾ The face value of bonds issued was \$6,545,000. The carrying value of the accreted bonds is \$4,620,661.

Annual debt service requirements to maturity for general obligation bonds (excluding capital appreciation bonds) are as follows:

Year Ending December 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 5,483,180	\$ 3,930,490	\$ 1,610,170	\$ 693,921
2011	5,588,964	3,656,422	1,618,285	643,492
2012	6,356,411	3,459,233	1,654,870	575,438
2013	6,226,902	3,182,783	1,318,550	508,253
2014	5,537,950	2,913,278	992,050	455,604
2015	6,869,670	2,669,877	1,200,330	412,972
2016	5,265,000	2,359,073	925,000	363,049
2017	4,370,000	2,115,606	970,000	324,893
2018	4,570,000	1,921,643	825,000	284,594
2019	4,860,000	1,714,502	865,000	249,154
2020	5,045,000	1,484,464	910,000	211,354

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

5. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

Year Ending December 31,	Governmental Activities			Business-Type Activities		
	Principal	Interest		Principal	Interest	
2021	\$ 5,285,000	\$ 1,239,016		\$ 955,000	\$ 170,948	
2022	5,445,000	971,301		1,000,000	128,558	
2023	2,630,000	690,998		275,000	83,838	
2024	2,740,000	549,184		290,000	72,150	
2025	2,875,000	398,130		305,000	59,462	
2026	1,600,000	238,707		320,000	46,118	
2027	805,000	148,237		340,000	31,718	
2028	860,000	102,025		355,000	16,418	
2029	890,000	51,876		-	-	
TOTAL	\$ 83,303,077	\$ 33,796,845		\$ 16,729,255	\$ 5,331,934	

The annual requirements to amortize to maturity for capital appreciation general obligation bonds are as follows:

Year Ending December 31,	Principal	Interest
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	\$ 1,924,339

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. The original amount of tax increment financing bonds and notes in prior years was \$7,483,420.

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

5. LONG-TERM DEBT (Continued)

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

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:

Purpose	Interest Rates	Amount
Governmental activities	0%	\$ 148,548

On April 1, 2009, the Village called and redeemed the remaining outstanding principal of \$4,635,000 of the Tax Increment Revenue Refunding Bond Series of 1998 from available funds. The redemption of these “superior” bonds allowed the Village to completely redeem \$817,100 of the outstanding principal of the “subordinated” Tax Increment Financing Redevelopment Notes Series 1998A, 2000 and 2006A from available funds.

Annual debt service requirements to maturity for tax increment financing bonds and notes are as follows:

Year Ending December 31,	Redevelopment Notes	
	Principal	Interest
2010	\$ -	\$ -
2011	-	-
2012	-	-
2013	-	-
2014	-	-
2015	-	-
2016	-	-
2017	-	-
2018	-	-
2019	-	-
2020	-	-
2021	-	-
2022	148,548	-
TOTAL	\$ 148,548	\$ -

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

5. LONG-TERM DEBT (Continued)

c. Legal Debt Margin

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

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

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

d. Advance and Current Refundings

On December 30, 2004, the Village issued \$5,080,000 General Obligation Refunding Bond Series 2004D to refund \$4,650,000 of the General Obligation Bond Series 2000A due on December 1, 2013 through 2020. 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. The \$4,650,000 Series 2000A Bonds are due to be fully called and redeemed on December 1, 2010.

On October 5, 2009, the Village issued \$6,415,000 General Obligation Refunding Bond Series 2009G to currently refund \$2,145,000 of the General Obligation Bond Series 1999 due on December 1, 2010 through 2015, and \$4,220,000 of the General Obligation Bond Series 2000 due on December 1, 2010 and 2011. The reacquisition price exceeded the net carrying value of the old debt by \$109,080. This amount is being netted against the new debt and amortized over the new debt's life, which is shorter than the refunded debt. The transaction also resulted in an economic gain of \$330,761 and a reduction of \$343,853 in future debt service payments. The refunded bonds have been fully called and redeemed as of the date of this report.

e. Noncommitment Debt

Special Service Area Bonds outstanding as of the date of this report totaled \$6,000,000. These bonds are not an obligation of the Village and are secured solely by the levy of an annual tax on the real property within the special service area. The Village is in no way liable for the repayment, but is only acting as agent for the property owners in levying and collecting the tax and forwarding the collections to the bondholders.

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

5. LONG-TERM DEBT (Continued)

f. Tax Increment Financing Bond Ordinance Disclosures

The ordinances authorizing the issuance of the Tax Increment Revenue Refunding Bond Series of 1998 provided for the creation of special accounts into which all revenues of the Village's Dundee Road Tax Increment Financing District and Rand/Dundee Tax Increment Financing District shall be deposited in accordance with the following requirements:

Incremental Property Tax Account - All incremental property 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.

Program Account - 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 - Any remaining 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 - Any remaining incremental taxes shall next be credited to this account until the balance shall equal the debt service reserve requirement.

Special Redemption Account - All remaining incremental taxes shall next be credited to this account.

g. Tax Increment Financing Redevelopment Note Disclosures

Subordinated Redevelopment Notes - The Series 1998A, 2000 and 2006A Notes were issued in conjunction with the Dundee Road and Rand/Dundee 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 District that remained, if any, after the Series 1988 Bonds were fully redeemed. As such, there were no established principal and interest payment schedules for any of these notes. These notes were all fully redeemed during 2009.

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 obligations 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 schedules. The Series 2006A Notes were fully redeemed during 2009.

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

5. LONG-TERM DEBT (Continued)

h. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2009 was as follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General obligation bonds	\$ 59,846,334	\$ 33,340,315	\$ 9,883,572	\$ 83,303,077	\$ 5,483,180
TIF revenue bonds	5,995,000	-	5,995,000	-	-
TIF notes	1,488,420	-	1,339,872	148,548	-
Net pension obligation	1,411,320	-	197,468	1,213,852	-
Net OPEB obligation	325,293	124,527	-	449,820	-
Compensated absences*	1,563,531	1,655,107	1,563,531	1,655,107	320,825
Total	70,629,898	35,119,949	18,979,443	86,770,404	5,804,005
Less deferred amounts					
Unamortized bond discount	(80,345)	-	(5,480)	(74,865)	-
Unamortized bond premium	82,115	152,560	21,120	213,555	-
Unamortized loss on refunding	(61,745)	(109,080)	(12,350)	(158,475)	-
Total deferred amounts	(59,975)	43,480	3,290	(19,785)	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 70,569,923	\$ 35,163,429	\$ 18,982,733	\$ 86,750,619	\$ 5,804,005

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

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
BUSINESS-TYPE ACTIVITIES					
General obligation bonds					
Water Fund	\$ 5,212,180	\$ 1,604,405	\$ 2,464,610	\$ 4,351,975	\$ 912,740
Sewer Fund	13,008,400	205,280	836,400	12,377,280	697,430
General obligation capital appreciation bonds					
Water Fund	4,140,298	298,180	-	4,438,478	-
Sewer Fund	169,899	12,284	-	182,183	-
Compensated absences					
Water Fund	71,899	3,963	-	75,862	15,195
Sewer Fund	9,645	5,847	-	15,492	3,115
Total	22,612,321	2,129,959	3,301,010	21,441,270	1,628,480
Less deferred amounts					
Unamortized bond discount	(25,060)	-	(1,260)	(23,800)	-
Unamortized bond premium	21,910	51,690	6,465	67,135	-
Total deferred amounts	(3,150)	51,690	5,205	43,335	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 22,609,171	\$ 2,181,649	\$ 3,306,215	\$ 21,484,605	\$ 1,628,480

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, Health Insurance Fund, for all medical risks. It is accounted for as an internal service fund where assets are set aside for claim settlements. Under this program, the fund provides coverage up to a maximum of \$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 Insurance Fund which is an internal service fund.

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

	Medical Benefits	Workers' Compensation	General Liability	Totals
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
Claims incurred - 2009	2,970,548	381,854	365,669	3,718,071
Claims payments - 2009	(2,970,548)	(317,960)	(221,504)	(3,510,012)
UNPAID CLAIMS,				
DECEMBER 31, 2009	\$ 250,000	\$ 255,894	\$ 175,165	\$ 681,059

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

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 2010 is \$1,381,943. This is based on an estimated tipping fee of \$49.50 per ton for 27,920 tons.

The Village's estimated payment of fixed costs for 2010 is \$148,292. This amount has been estimated using the Village's current allocation percentage of 10.29%. 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.

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

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. 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.

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 \$1,439,435 to SWANCC in 2009. The payments have been recorded in the Refuse Collection Fund. The Village does not have an equity interest in SWANCC at December 31, 2009.

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

8. JOINT VENTURES (Continued)

Northwest Water Commission (NWWC)

The Village is a member of 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.

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 \$2,581,859 to NWWC for 2009. The Village's equity interest in NWWC was \$11,474,020 at December 31, 2009. The Village's net investment and its share of the operating results of NWWC are recorded in the Village's Waterworks Fund.

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

9. INDIVIDUAL FUND DISCLOSURES

a. Due From/To Other Funds

Due from/to other funds at December 31, 2009 consisted of the following:

Receivable Fund	Payable Fund	Amount
Major Governmental General	Nonmajor Governmental Fire Facility Construction	\$ 77,318
Nonmajor Governmental Internal Service - Health Insurance	Internal Service - Central Equipment	11,051
Major Business-Type Sewerage	Waterworks	<u>307,878</u>
TOTAL		<u>\$ 396,247</u>

Due from/to fiduciary funds at December 31, 2009 consisted of the following:

Receivable Fund	Payable Fund	Amount
Fiduciary Police Pension	General	\$ 51,981
Firefighters' Pension	General	<u>35,325</u>
TOTAL		<u>\$ 87,306</u>

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

- \$307,878 is payable by the Water Fund to the Sewer Fund for coverage of a cash shortfall.
- \$11,051 is payable by the Central Equipment Fund to the Self-Insurance Fund for coverage of a cash shortfall.
- \$77,318 is payable by the Fire Facility Construction Fund to the General Fund for coverage of a cash shortfall.

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

- \$87,306 is payable by the General Fund to the Pension Funds for taxes received after year end.

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

9. INDIVIDUAL FUND DISCLOSURES (Continued)

b. Advances From/To Other Funds

Advances from/to other funds at December 31, 2009 consisted of the following:

Receivable Fund	Payable Fund	Amount
Major Governmental General	Downtown TIF	\$ 5,777,920
Nonmajor Governmental Capital Improvement	Fiduciary Special Service Area #4	<u>41,965</u>
TOTAL		<u>\$ 5,819,885</u>

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

- \$5,777,920 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.
- \$41,965 advanced to other funds from a Nonmajor Governmental Fund. This balance relates to the construction of sanitary sewer improvements. Repayment is not expected within one year.

c. Transfers From/To Other Funds

Transfers from/to other funds at December 31, 2009 consisted of the following:

Transfers To	Transfers From	Amount
Nonmajor Governmental Foreign Fire Tax	General	\$ 84,456
TOTAL		<u>\$ 84,456</u>

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

- \$84,456 transferred to the Foreign Fire Tax Fund from General Fund is to start up the new fund.

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

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 postretirement 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, 2009, 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>1</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 2009 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	\$ 49,644	21.8%	\$ 325,293
December 31, 2009	192,149	67,622	35.2%	449,820

The net OPEB obligation as of December 31, 2009, was calculated as follows:

Annual required contribution	\$ 219,257
Interest on net OPEB obligation	(16,265)
Adjustment to annual required contribution	<u>(10,843)</u>
Annual OPEB cost	192,149
Contributions made	<u>67,622</u>
Increase in net OPEB obligation	124,527
Net OPEB obligation, beginning of year	<u>325,293</u>
NET OPEB OBLIGATION, END OF YEAR	\$ 449,820

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

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)	0.0%
Covered payroll (active plan members)	\$ 22,550,270
UAAL as a percentage of covered payroll	9.58%

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, 2009, 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, 2009 was 30 years.

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

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' Pension 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 IMRF as specified by statute. The employer contribution rate for the calendar year ended 2009 was 11.89% 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, 2009, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	46
Terminated employees entitled to benefits but not yet receiving them	3
Current employees	
Vested	83
Nonvested	30
TOTAL	162

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

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, 2009, the Village's contribution was 28.85% 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, 2009, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	49
Terminated employees entitled to benefits but not yet receiving them	1
Current employees	
Vested	60
Nonvested	36
TOTAL	146

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

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, 2009, the Village's contribution was 26.03% 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 plans.

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.

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

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 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, 2007	January 1, 2009	January 1, 2009
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	23 Years, Closed	28 Years, Closed	28 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	7.75% Compounded Annually	7.75% Compounded Annually
c) Projected salary increases	.40% to 10.00%	1.12% to 4.86%	1.12% to 4.86%
d) Postretirement 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, 2009 were as follows:

	Police Pension	Firefighters' Pension
Annual required contribution	\$ 1,697,492	\$ 1,167,796
Interest on net pension obligation	85,436	23,941
Adjustment to annual required contributions	(57,012)	(15,976)
Annual pension cost	1,725,916	1,175,761
Contributions made	1,839,264	1,259,881
Increase (decrease) in net pension obligation	(113,348)	(84,120)
Net pension obligation, beginning of year	1,102,399	308,921
NET PENSION OBLIGATION, END OF YEAR	<u>\$ 989,051</u>	<u>\$ 224,801</u>

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)	2007	\$ 1,192,374	\$ 1,675,991	\$ 1,164,489
	2008	1,268,107	1,694,217	1,166,268
	2009	1,279,291	1,725,916	1,175,761
Actual contribution	2007	\$ 1,192,374	\$ 1,368,869	\$ 1,062,061
	2008	1,268,107	1,792,538	1,417,414
	2009	1,279,291	1,839,264	1,259,881
Percentage of APC contributed	2007	100.00%	81.68%	91.20%
	2008	100.00%	105.80%	121.53%
	2009	100.00%	106.57%	107.15%
NPO (asset)	2007	\$ -	\$ 1,200,720	\$ 560,127
	2008	-	1,102,399	308,921
	2009	-	989,051	224,801

f. Funded Status and Funding Progress

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial valuation date	December 31, 2007	January 1, 2009	January 1, 2009
Actuarial accrued liability (AAL)	\$ 29,996,610	\$ 60,412,593	\$ 58,973,596
Actuarial value of plan assets	20,060,235	41,164,283	46,673,485
Unfunded actuarial accrued liability (UAAL)	9,936,375	19,248,310	12,300,111
Funded ratio (actuarial value of plan assets/AAL)	66.88%	68.14%	79.14%
Covered payroll (active plan members)	\$ 10,759,385	\$ 8,915,082	\$ 7,608,618
UAAL as a percentage of covered payroll	92.35%	215.91%	161.66%

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 required supplementary information following the notes to 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.

12. PENSION TRUST FUNDS

a. Schedule of Net Assets as of December 31, 2009

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and short-term investments	\$ 4,573,865	\$ 833,243	\$ 5,407,108
Investments			
U.S. Treasury securities	2,333,568	22,516,482	24,850,050
U.S. agency securities	8,958,535	839,927	9,798,462
Money market mutual funds	3,601,892	15,164,963	18,766,855
Equities	15,391,906	1,545,831	16,937,737
Receivables			
Accrued interest	84,303	120,593	204,896
Due from general fund	51,981	35,325	87,306
Miscellaneous	3,734	-	3,734
Total assets	34,999,784	41,056,364	76,056,148
LIABILITIES			
Deferred revenues	35,028	26,569	61,597
Total liabilities	35,028	26,569	61,597
NET ASSETS	\$ 34,964,756	\$ 41,029,795	\$ 75,994,551

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, 2009.

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 1,839,264	\$ 1,259,881	\$ 3,099,145
Employee	1,006,548	718,437	1,724,985
	<hr/>	<hr/>	<hr/>
Total contributions	2,845,812	1,978,318	4,824,130
Investment Income			
Net appreciation in fair value of investments	1,211,501	2,917,916	4,129,417
Interest income	779,349	875,678	1,655,027
Less investment expense	(169,546)	(123,423)	(292,969)
	<hr/>	<hr/>	<hr/>
Net investment income	1,821,304	3,670,171	5,491,475
Miscellaneous income	6,583	-	6,583
	<hr/>	<hr/>	<hr/>
Total additions	4,673,699	5,648,489	10,322,188
DEDUCTIONS			
Administrative	37,542	12,329	49,871
Pension benefits and refunds	2,290,699	2,241,738	4,532,437
	<hr/>	<hr/>	<hr/>
Total deductions	2,328,241	2,254,067	4,582,308
NET INCREASE			
	2,345,458	3,394,422	5,739,880
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
January 1	32,619,298	37,635,373	70,254,671
	<hr/>	<hr/>	<hr/>
December 31	\$ 34,964,756	\$ 41,029,795	\$ 75,994,551

13. RESTATEMENT

Net assets of the governmental activities were restated to account for the additional land right of way that should have been recorded in previous years. Net assets were increased by \$362,560 in governmental activities.

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

14. SUBSEQUENT EVENTS

As of December 31, 2009, the Village had \$1,288,133 in pending land transactions for reconstruction of the Palatine Road and Plum Grove Road intersection. These transactions were to acquire right of way for the Illinois Department of Transportation, who will hold title to the land upon completion of the acquisition of all desired properties. These transactions will be completed and expensed in the fiscal year 2010.

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, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 34,085,175	\$ 34,039,175	\$ 31,796,000
Licenses and permits	3,185,200	3,185,200	3,081,984
Intergovernmental	7,714,300	7,803,280	6,750,546
Charges for services	1,892,400	1,892,400	1,812,561
Fines and forfeits	1,145,500	1,147,900	1,856,800
Investment income	300,000	300,000	307,689
Miscellaneous	180,300	229,140	354,154
 Total revenues	 48,502,875	 48,597,095	 45,959,734
EXPENDITURES			
General government	9,124,880	8,917,015	8,507,772
Public safety	31,829,005	31,802,971	31,678,221
Public works	6,569,665	6,509,765	6,360,644
 Total expenditures	 47,523,550	 47,229,751	 46,546,637
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	979,325	1,367,344	(586,903)
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(750,000)	-	(84,456)
 Total other financing sources (uses)	 (750,000)	 -	 (84,456)
NET CHANGE IN FUND BALANCE			
	\$ 229,325	\$ 1,367,344	(671,359)
 FUND BALANCE, JANUARY 1	 17,177,387		
 FUND BALANCE, DECEMBER 31	 \$ 16,506,028		

(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, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Incremental property taxes	\$ 6,000,000	\$ 6,000,000	\$ 6,268,686
Investment income	25,000	25,000	12,194
Miscellaneous	-	-	25,028
 Total revenues	 6,025,000	 6,025,000	 6,305,908
EXPENDITURES			
Economic development			
Administration	50,000	50,000	285,280
Project expenditures	6,995,000	8,171,545	371,874
Land acquisition	2,050,000	8,097,557	269,001
Debt service			
Principal payments	2,744,585	2,744,585	2,743,429
Interest and fiscal charges	1,771,765	1,771,765	1,881,902
 Total expenditures	 13,611,350	 20,835,452	 5,551,486
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(7,586,350)	(14,810,452)	754,422
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	8,500,000	8,500,000
 Total other financing sources (uses)	 -	 8,500,000	 8,500,000
NET CHANGE IN FUND BALANCE			
	\$ (7,586,350)	\$ (6,310,452)	9,254,422
FUND BALANCE, JANUARY 1			<u>4,897,150</u>
FUND BALANCE, DECEMBER 31			<u>\$ 14,151,572</u>

(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, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Incremental property taxes	\$ 2,800,000	\$ 2,800,000	\$ 3,316,353
Investment income	20,000	20,000	3,680
Contribution revenue	-	-	1,000,000
Total revenues	2,820,000	2,820,000	4,320,033
EXPENDITURES			
Economic development			
Administration	-	-	6,788
Wal-Mart project	-	-	88
Arlington Toyota project	125,000	125,000	262,420
Tore and Lukes project	-	75,000	62,906
Roadway improvements	-	-	3,501
Harley Davidson project	525,000	600,000	79,883
Thrifty Car sales project	-	-	1,419
Rand/Dundee intersection improvements	-	7,195	45,433
Menards site	7,900,000	7,900,000	28,928
Debt service			
Principal	1,762,870	1,762,870	863,924
Interest and fiscal charges	641,125	872,195	831,543
Bond issuance costs	(99,000)	(99,000)	84,983
Total expenditures	10,854,995	11,243,260	2,271,816
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(8,034,995)	(8,423,260)	2,048,217
OTHER FINANCING SOURCES (USES)			
Bonds issued, at par	7,900,000	8,000,000	8,000,000
Total other financing sources (uses)	7,900,000	8,000,000	8,000,000
NET CHANGE IN FUND BALANCE	\$ (134,995)	\$ (423,260)	10,048,217
FUND BALANCE, JANUARY 1			1,154,523
FUND BALANCE, DECEMBER 31			\$ 11,202,740

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2009

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)
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%
2009	20,060,235	29,996,610	66.88%	9,936,375	10,759,385	92.35%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

December 31, 2009

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)
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%
2009	41,164,283	60,412,593	68.14%	19,248,310	8,915,082	215.91%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
FIREFIGHTERS' PENSION FUND

December 31, 2009

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)
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%
2009	46,673,485	58,973,596	79.14%	12,300,111	7,608,618	161.66%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS PLAN

December 31, 2009

Actuarial Valuation Date	(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)
				Actuarial Liability (AAL)	Unfunded (Overfunded) Actuarial Accrued Liability		
January 1,							
2008	\$ -	\$ 2,461,467	0.00%	\$ 2,461,467	\$ 21,727,560		11.33%
2009		- 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.

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2009

<u>Calendar Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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%
2009	1,279,291	1,279,291	100.00%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

December 31, 2009

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2004	\$ 935,472	\$ 924,486	101.19%
2005	1,177,460	1,057,997	111.29%
2006	1,094,984	1,044,267	104.86%
2007	1,368,869	1,380,059	99.19%
2008	1,792,538	1,677,795	106.84%
2009	1,839,264	1,697,492	108.35%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND

December 31, 2009

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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%
2009	1,259,881	1,175,761	107.15%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS PLAN

December 31, 2009

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2008	\$ 49,644	\$ 214,542	23.14%
2009	67,622	219,257	30.84%

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, 2009

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.

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. Budgets are not prepared for the Federal Equitable Sharing Fund, the State Equitable Sharing Fund, DUI Fines Fund and the Energy Efficiency and Conservation Block Recovery Grant.

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. Expenditures/expenses exceeded budget in the following funds:

	Final Budget	Actual
Police Pension	\$ 2,022,400	\$ 2,328,241
Firefighters Pension	1,921,900	2,254,067

Nonmajor Governmental Funds

VILLAGE OF PALATINE, ILLINOIS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2009

	Special Revenue	Capital Project	Total Nonmajor Governmental
ASSETS			
Cash and investments	\$ 305,214	\$ 9,999,921	\$ 10,305,135
Property taxes receivable	-	-	-
Land held for resale	-	-	-
Due from other governments	141,978	672,906	814,884
Advance to Fiduciary Fund	-	41,965	41,965
Accrued interest	-	4,346	4,346
TOTAL ASSETS	\$ 447,192	\$ 10,719,138	\$ 11,166,330
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 3,248	\$ 462,390	\$ 465,638
Due to other funds	-	77,318	77,318
Other payables	-	1,677	1,677
Other deferred revenue	-	230,912	230,912
Total liabilities	3,248	772,297	775,545
FUND BALANCES			
Reserved for advances	-	41,965	41,965
Reserved for maintenance of roadways	162,852	-	162,852
Reserved for land held for resale	-	-	-
Reserved for special projects	10,000	10,011,651	10,021,651
Reserved for public safety	271,092	-	271,092
Unreserved (deficit)	-	(106,775)	(106,775)
Total fund balances	443,944	9,946,841	10,390,785
TOTAL LIABILITIES AND FUND BALANCES	\$ 447,192	\$ 10,719,138	\$ 11,166,330

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, 2009

	Special Revenue	Capital Project	Total Nonmajor Governmental
REVENUES			
Taxes	\$ -	\$ 2,834,118	\$ 2,834,118
Intergovernmental	2,406,793	157,950	2,564,743
Charges for services	-	32,861	32,861
Fines and forfeits	91,279	-	91,279
Investment income	1,240	23,706	24,946
Contribution revenue	-	-	-
Miscellaneous	-	304,408	304,408
 Total revenues	 2,499,312	 3,353,043	 5,852,355
EXPENDITURES			
Current			
Public works	2,010,108	-	2,010,108
Economic development	87,056	-	87,056
Capital outlay	371,047	15,574,947	15,945,994
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Bond issuance costs	-	-	-
 Total expenditures	 2,468,211	 15,574,947	 18,043,158
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	31,101	(12,221,904)	(12,190,803)
OTHER FINANCING SOURCES (USES)			
Bonds issued, at par	-	12,030,655	12,030,655
Proceeds from sale of capital assets	-	88,594	88,594
Transfers in	84,456	-	84,456
 Total other financing sources (uses)	 84,456	 12,119,249	 12,203,705
NET CHANGE IN FUND BALANCES			
	115,557	(102,655)	12,902
FUND BALANCES, JANUARY 1			
	328,387	10,049,496	10,377,883
FUND BALANCES, DECEMBER 31			
	\$ 443,944	\$ 9,946,841	\$ 10,390,785

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.

Federal Equitable Sharing Fund - to account for the expenditure of Federal Equitable Sharing funds received from the Federal government. These funds must be used to supplement law enforcement purposes only, such as law enforcement investigations, training, equipment, drug and gang education and awareness programs and support of community based programs.

State Equitable Sharing Fund - to account for the expenditure of State Equitable Sharing funds received from the state government. These funds must be used to support law enforcement.

DUI Fines Fund - to account for the collection and expenditure of fines collected in relation to DUI violations.

Foreign Fire Tax Fund - to account for the collection and expenditure of Foreign Fire Tax revenues received from the state and governed by the Foreign Fire Tax Board.

Community Development Block Recovery Grant Fund - to account for the expenditure of Community Development Block Grant funds received from the Federal government in relation to the American Recovery and Reinvestment Act.

Energy Efficiency and Conservation Block Recovery Grant Fund - to account for the expenditure of Energy Efficiency and Conservation Block Grant funds received from the Federal government in relation to the American Recovery and Reinvestment Act.

VILLAGE OF PALATINE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2009

	Community Development Block Grant	Motor Fuel Tax	Federal Equitable Sharing
ASSETS			
Cash and investments	\$ -	\$ 24,122	\$ 67,118
Due from other governments	1,505	138,730	-
TOTAL ASSETS	1,505	162,852	67,118
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	1,505	-	-
Total liabilities	1,505	-	-
FUND BALANCES			
Reserved for maintenance of roadways	-	162,852	-
Reserved for special projects	-	-	-
Reserved for public safety	-	-	67,118
Total fund balances	-	162,852	67,118
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,505	\$ 162,852	\$ 67,118

State Equitable Sharing	DUI Fines	Foreign Fire Tax	Community Development Block Recovery Grant	Energy Efficiency and Conservation Block Recovery Grant	Total
\$ 45,825	\$ 62,844	\$ 95,305	\$ -	\$ 10,000	\$ 305,214
-	-	-	1,743	-	141,978
45,825	62,844	95,305	1,743	10,000	447,192
<hr/>					
-	-	-	1,743	-	3,248
-	-	-	1,743	-	3,248
<hr/>					
-	-	-	-	-	162,852
-	-	-	-	10,000	10,000
45,825	62,844	95,305	-	-	271,092
45,825	62,844	95,305	-	10,000	443,944
<hr/>					
\$ 45,825	\$ 62,844	\$ 95,305	\$ 1,743	\$ 10,000	\$ 447,192

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, 2009

	Community Development Block Grant	Motor Fuel Tax	Federal Equitable Sharing
REVENUES			
Intergovernmental	\$ 337,166	\$ 1,792,724	\$ 67,068
Fines and forfeits	-	-	-
Investment income	-	1,190	50
Total revenues	337,166	1,793,914	67,118
EXPENDITURES			
Current			
Public works	-	1,959,449	-
Economic development	81,704	-	-
Capital outlay	255,462	-	-
Total expenditures	337,166	1,959,449	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	-	(165,535)	67,118
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Total other financing sources (uses)	-	-	-
NET CHANGE IN FUND BALANCE			
	-	(165,535)	67,118
FUND BALANCES, JANUARY 1			
	-	328,387	-
FUND BALANCES, DECEMBER 31			
	\$ -	\$ 162,852	\$ 67,118

State Equitable Sharing	DUI Fines	Foreign Fire Tax	Community Development	Block Recovery	Energy Efficiency and Conservation	Block Recovery Grant	Total
			Grant	Grant	Grant		
\$ 51,177	\$ -	\$ 61,508	\$ 87,150	\$ 10,000	\$ 2,406,793		
-	91,279	-	-	-	91,279		
-	-	-	-	-	1,240		
51,177	91,279	61,508	87,150	10,000	2,499,312		
-	-	50,659	-	-	2,010,108		
5,352	-	-	-	-	87,056		
-	28,435	-	87,150	-	371,047		
5,352	28,435	50,659	87,150	-	2,468,211		
45,825	62,844	10,849	-	10,000	31,101		
-	-	84,456	-	-	84,456		
-	-	84,456	-	-	84,456		
45,825	62,844	95,305	-	10,000	115,557		
-	-	-	-	-	328,387		
\$ 45,825	\$ 62,844	\$ 95,305	\$ -	\$ 10,000	\$ 443,944		

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, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Grants	\$ 408,645	\$ 755,662	\$ 337,166
Total revenues	<u>408,645</u>	<u>755,662</u>	<u>337,166</u>
EXPENDITURES			
Economic development			
Administrative services	81,730	81,704	81,704
Capital outlay	<u>317,295</u>	<u>255,462</u>	<u>255,462</u>
Total expenditures	<u>399,025</u>	<u>337,166</u>	<u>337,166</u>
NET CHANGE IN FUND BALANCE	\$ 9,620	\$ 418,496	-
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, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Motor fuel tax allotment	\$ 1,867,560	\$ 1,867,560	\$ 1,792,724
Investment income	-	-	1,190
 Total revenues	 1,867,560	 1,867,560	 1,793,914
 EXPENDITURES			
Public works			
Highways and streets			
Road resurfacing	1,616,400	1,616,400	1,608,649
Curb and gutter extension	350,800	350,800	350,800
 Total expenditures	 1,967,200	 1,967,200	 1,959,449
 NET CHANGE IN FUND BALANCE	 \$ (99,640)	 \$ (99,640)	 \$ (165,535)
 FUND BALANCE, JANUARY 1			 328,387
 FUND BALANCE, DECEMBER 31			 \$ 162,852

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental	\$ -	\$ 61,505	\$ 61,508
Total revenues	- -	61,505	61,508
EXPENDITURES			
Public works			
Other supplies	- -	61,505	50,659
Total expenditures	- -	61,505	50,659
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			<u>10,849</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	- -	- -	84,456
Total other financing sources (uses)	- -	- -	84,456
NET CHANGE IN FUND BALANCE	\$ - -	\$ - -	95,305
FUND BALANCE, JANUARY 1			<u>- -</u>
FUND BALANCE, DECEMBER 31		<u>\$ 95,305</u>	

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental	\$ -	\$ 110,995	\$ 87,150
Total revenues	- -	110,995	87,150
EXPENDITURES			
Public works			
Brentwood valve/hydrant replacement	- -	87,150	87,150
Total expenditures	- -	87,150	87,150
NET CHANGE IN FUND BALANCE	\$ -	\$ 23,845	- -
FUND BALANCE, JANUARY 1			- -
FUND BALANCE, DECEMBER 31		\$ -	- -

(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.

Special Services Area #5 Fund - to account for the cost of construction of certain improvements within the special service area.

Police Facility Construction Fund - to account for the acquisition and construction of the police facility.

Fire Facility Construction Fund - to account for the acquisition and construction of the fire facility.

VILLAGE OF PALATINE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS

December 31, 2009

	Capital Improvement	Capital Equipment Acquisition	Special Service Area #5	Police Facility Construction	Fire Facility Construction	Total
ASSETS						
Cash and investments	\$ 3,217,970	\$ 4,416,473	\$ 1,442,078	\$ 923,400	\$ -	\$ 9,999,921
Due from other governments	448,604	224,302	-	-	-	672,906
Advances to fiduciary funds	41,965	-	-	-	-	41,965
Accrued interest	2,306	2,040	-	-	-	4,346
TOTAL ASSETS	\$ 3,710,845	\$ 4,642,815	\$ 1,442,078	\$ 923,400	\$ -	\$ 10,719,138
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 20,628	\$ 250,936	\$ -	\$ 163,046	\$ 27,780	\$ 462,390
Due to other funds	-	-	-	-	77,318	77,318
Other deferred revenue	212,558	18,354	-	-	-	230,912
Other payables	-	-	-	-	1,677	1,677
Total liabilities	233,186	269,290	-	163,046	106,775	772,297
FUND BALANCES						
Reserved for advances	41,965	-	-	-	-	41,965
Reserved for special projects	3,435,694	4,373,525	1,442,078	760,354	-	10,011,651
Unreserved (deficit)	-	-	-	-	(106,775)	(106,775)
Total fund balances	3,477,659	4,373,525	1,442,078	760,354	(106,775)	9,946,841
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,710,845	\$ 4,642,815	\$ 1,442,078	\$ 923,400	\$ -	\$ 10,719,138

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, 2009

	Capital Improvement	Capital Equipment Acquisition	Special Service Area #5	Police Facility Construction	Fire Facility Construction	Total
REVENUES						
Taxes	\$ 1,889,412	\$ 944,706	\$ -	\$ -	\$ -	\$ 2,834,118
Charges for services	32,861	-	-	-	-	32,861
Investment income	10,644	8,662	3,996	404	-	23,706
Intergovernmental	-	157,950	-	-	-	157,950
Miscellaneous	99,652	204,756	-	-	-	304,408
Total revenues	2,032,569	1,316,074	3,996	404	-	3,353,043
EXPENDITURES						
Capital outlay	5,987,733	2,131,346	1,116,788	5,082,305	1,256,775	15,574,947
Total expenditures	5,987,733	2,131,346	1,116,788	5,082,305	1,256,775	15,574,947
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	(3,955,164)	(815,272)	(1,112,792)	(5,081,901)	(1,256,775)	(12,221,904)
OTHER FINANCING SOURCES (USES)						
Bonds issued, at par	5,038,400	-	-	5,842,255	1,150,000	12,030,655
Proceeds from the sale of capital assets	42,759	45,835	-	-	-	88,594
Total other financing sources (uses)	5,081,159	45,835	-	5,842,255	1,150,000	12,119,249
NET CHANGE IN FUND BALANCES						
	1,125,995	(769,437)	(1,112,792)	760,354	(106,775)	(102,655)
FUND BALANCES, JANUARY 1	2,351,664	5,142,962	2,554,870	-	-	10,049,496
FUND BALANCES (DEFICIT), DECEMBER 31	\$ 3,477,659	\$ 4,373,525	\$ 1,442,078	\$ 760,354	\$ (106,775)	\$ 9,946,841

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, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Telecommunications tax	\$ 2,119,470	\$ 2,119,470	\$ 1,889,412
Charges for services			
50/50 cost sharing programs	80,000	80,000	32,861
Property owner contributions	5,800	5,800	-
Investment income	35,000	35,000	10,644
Miscellaneous			
Other	22,400	93,060	99,652
 Total revenues	 2,262,670	 2,333,330	 2,032,569
 EXPENDITURES			
Capital outlay			
Village facilities	972,500	394,135	386,442
Road improvements	976,865	412,927	261,638
Land acquisition	3,000,000	5,081,872	5,060,693
Sidewalks	270,000	304,410	272,634
Gilbert Glade stormwater	-	-	5,249
Other operating equipment	-	58,725	1,077
Arterial/collector street light program	85,000	-	-
 Total expenditures	 5,304,365	 6,252,069	 5,987,733
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (3,041,695)	 (3,918,739)	 (3,955,164)
 OTHER FINANCING SOURCES (USES)			
Bonds issued, at par	3,700,000	5,038,400	5,038,400
Proceeds from sale of capital assets	-	-	42,759
 Total other financing sources (uses)	 3,700,000	 5,038,400	 5,081,159
 NET CHANGE IN FUND BALANCE	 \$ 658,305	 \$ 1,119,661	 1,125,995
 FUND BALANCE, JANUARY 1			 2,351,664
 FUND BALANCE, DECEMBER 31			 \$ 3,477,659

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
CAPITAL OUTLAY			
Village facilities			
Community Center maintenance	\$ 39,500	\$ 19,500	\$ 25,344
Tree plant program	15,000	-	-
Fire Station #84 modernization	-	4,180	4,180
Fire Station #82 remodeling	-	12,115	12,115
New police station	700,000	-	-
Village facility roof replacement	20,000	211,195	199,272
Pocket Park beautification program	25,000	-	-
Gateway entrance program	42,000	16,145	16,143
Irrigation improvement	20,000	20,000	18,388
Combined service facility maintenance	111,000	111,000	111,000
 Total Village facilities	 972,500	 394,135	 386,442
Road improvements			
Arterial street beautification program	55,000	-	-
50/50 apron/curb/gutter improvements	147,500	147,500	76,905
North Cedar Street improvements	350,000	-	-
Palanois Park Street improvement	65,000	65,000	64,996
Palatine Road reconstruction	-	12,037	12,037
Intersection improvements	65,000	37,090	1,637
Integral curb program	51,300	51,300	5,000
Street microsurfacing program	100,000	100,000	101,063
Arterial streetlights	50,000	-	-
Gaslight replacement program	93,065	-	-
 Total road improvements	 976,865	 412,927	 261,638
Land acquisition			
Gilbert Glade	-	28,472	23,222
Relocate Northwest Fire Station	3,000,000	-	-
Police facility	-	5,053,400	5,037,471
 Total land acquisition	 3,000,000	 5,081,872	 5,060,693
Sidewalks	270,000	304,410	272,634
Gilbert Glade stormwater	-	-	5,249
Other operating equipment	-	58,725	1,077
Arterial/collector street light program	85,000	-	-
 TOTAL EXPENDITURES	 \$ 5,304,365	 \$ 6,252,069	 \$ 5,987,733

(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, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Telecommunications	\$ 1,079,530	\$ 1,079,530	\$ 944,706
Investment income	40,000	40,000	8,662
Intergovernmental	-	151,010	157,950
Miscellaneous			
Rental income	<u>162,000</u>	<u>162,000</u>	<u>204,756</u>
Total revenues	<u>1,281,530</u>	<u>1,432,540</u>	<u>1,316,074</u>
EXPENDITURES			
Capital outlay			
Motor vehicles	738,500	1,301,161	1,303,990
Communications/technology	725,325	510,237	468,301
Operating equipment	<u>255,995</u>	<u>370,444</u>	<u>359,055</u>
Total expenditures	<u>1,719,820</u>	<u>2,181,842</u>	<u>2,131,346</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>(438,290)</u>	<u>(749,302)</u>	<u>(815,272)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	75,000	75,000	45,835
Transfers in	<u>750,000</u>	<u>750,000</u>	-
Total other financing sources (uses)	<u>825,000</u>	<u>825,000</u>	<u>45,835</u>
NET CHANGE IN FUND BALANCE	<u>\$ 386,710</u>	<u>\$ 75,698</u>	<u>(769,437)</u>
FUND BALANCE, JANUARY 1			<u>5,142,962</u>
FUND BALANCE, DECEMBER 31			<u>\$ 4,373,525</u>

(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, 2009

	Original Budget	Final Budget	Actual
CAPITAL OUTLAY			
Motor vehicles			
Public works vehicle replacement	\$ 323,000	\$ 323,000	\$ 320,156
Police and administrative vehicle replacement	220,500	180,500	186,218
Fire department replacement	195,000	797,661	797,616
	<hr/>	<hr/>	<hr/>
Total motor vehicles	738,500	1,301,161	1,303,990
Communications/technology			
Computer hardware and software	515,000	309,857	288,080
GIS program	29,000	76,900	71,920
Public safety communication equipment	181,325	123,480	108,301
	<hr/>	<hr/>	<hr/>
Total communications/technology	725,325	510,237	468,301
Operating equipment			
Other operating equipment	120,000	79,439	69,368
Public works equipment replacement	102,700	62,700	59,097
Fire department equipment	33,295	228,305	230,590
	<hr/>	<hr/>	<hr/>
Total operating equipment	255,995	370,444	359,055
TOTAL EXPENDITURES	<hr/>	<hr/>	<hr/>
	\$ 1,719,820	\$ 2,181,842	\$ 2,131,346

(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, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Investment income	\$ -	\$ -	\$ 3,996
Total revenues	- -	- -	3,996
EXPENDITURES			
Capital outlay			
Operating equipment	- -	1,116,788	1,116,788
Total expenditures	- -	1,116,788	1,116,788
NET CHANGE IN FUND BALANCE	\$ - -	\$ (1,116,788)	(1,112,792)
FUND BALANCE, JANUARY 1			2,554,870
FUND BALANCE, DECEMBER 31			\$ 1,442,078

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE FACILITY CONSTRUCTION FUND**

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Investment income	\$ -	\$ -	\$ 404
Total revenues	- -	- -	404
EXPENDITURES			
Capital outlay			
Land acquisition	- -	4,361,600	4,369,579
Engineering	- -	720,705	712,632
Other operating equipment	- -	- -	94
Total expenditures	- -	5,082,305	5,082,305
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	- -	(5,082,305)	(5,081,901)
OTHER FINANCING SOURCES (USES)			
Bonds issued, at par	- -	5,861,600	5,842,255
Total other financing sources (uses)	- -	5,861,600	5,842,255
NET CHANGE IN FUND BALANCE	\$ -	\$ 779,295	760,354
FUND BALANCE, JANUARY 1			- -
FUND BALANCE, DECEMBER 31			\$ 760,354

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FIRE FACILITY CONSTRUCTION FUND**

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental	\$ -	\$ 575,000	\$ -
Total revenues	- -	575,000	- -
EXPENDITURES			
Capital outlay			
Land acquisition	- -	1,150,000	1,167,360
Engineering	- -	106,440	89,080
Construction	- -	335	335
Total expenditures	- -	1,256,775	1,256,775
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	- -	(681,775)	(1,256,775)
OTHER FINANCING SOURCES (USES)			
Bonds issued, at par	- -	3,575,000	1,150,000
Total other financing sources (uses)	- -	3,575,000	1,150,000
NET CHANGE IN FUND BALANCE	\$ - -	\$ 2,893,225	(106,775)
FUND BALANCE, JANUARY 1			- -
FUND BALANCE (DEFICIT), DECEMBER 31		\$ (106,775)	

(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.

Health Insurance Fund - to account for the Village's self-insurance program for health insurance. 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, 2009

	Central Equipment	Health Insurance	Casualty and Liability Insurance	Total
CURRENT ASSETS				
Cash and investments	\$ -	\$ 3,448,086	\$ 2,821,928	\$ 6,270,014
Receivables				
Other	25,750	110,215	2,952	138,917
Interest	-	4,458	3,340	7,798
Inventories	195,085	-	-	195,085
Due from other funds	-	11,051	-	11,051
Prepaid items	-	50,402	-	50,402
 Total current assets	 220,835	 3,624,212	 2,828,220	 6,673,267
CURRENT LIABILITIES				
Accounts payable	104,789	351,230	999	457,018
Accrued payroll	21,315	-	-	21,315
Due to other funds	11,051	-	-	11,051
Deferred revenue	-	4,030	-	4,030
Claims payable	-	230,000	431,059	661,059
 Total current liabilities	 137,155	 585,260	 432,058	 1,154,473
LONG-TERM LIABILITIES				
Compensated absences payable	54,541	-	-	54,541
 Total liabilities	 191,696	 585,260	 432,058	 1,209,014
NET ASSETS				
Unrestricted	29,139	3,038,952	2,396,162	5,464,253
 TOTAL NET ASSETS	 \$ 29,139	 \$ 3,038,952	 \$ 2,396,162	 \$ 5,464,253

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, 2009

	Central Equipment	Health Insurance	Casualty and Liability Insurance	Total
OPERATING REVENUES				
Intergovernmental	\$ 112,050	\$ -	\$ -	\$ 112,050
Charges for services	1,712,800	5,439,573	1,187,125	8,339,498
Miscellaneous	92,646	265	9,974	102,885
Total operating revenues	1,917,496	5,439,838	1,197,099	8,554,433
OPERATING EXPENSES EXCLUDING DEPRECIATION				
Costs of sales and services	1,772,595	5,079,523	1,059,551	7,911,669
Total operating expenses	1,772,595	5,079,523	1,059,551	7,911,669
OPERATING INCOME	144,901	360,315	137,548	642,764
NONOPERATING REVENUES (EXPENSES)				
Investment income	108	11,492	8,415	20,015
Total nonoperating revenues (expenses)	108	11,492	8,415	20,015
CHANGE IN NET ASSETS	145,009	371,807	145,963	662,779
NET ASSETS (DEFICIT), JANUARY 1	(115,870)	2,667,145	2,250,199	4,801,474
NET ASSETS, DECEMBER 31	\$ 29,139	\$ 3,038,952	\$ 2,396,162	\$ 5,464,253

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2009

	Central Equipment	Health Insurance	Casualty and Liability Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services transactions	\$ 1,912,659	\$ 5,475,470	\$ 1,195,231	\$ 8,583,360
Payments to suppliers	(1,318,613)	(4,665,472)	(854,873)	(6,838,958)
Payments to employees	(513,199)	-	-	(513,199)
Net cash from operating activities	80,847	809,998	340,358	1,231,203
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers (out)	(80,955)	(11,051)	-	(92,006)
Net cash from noncapital financing activities	(80,955)	(11,051)	-	(92,006)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
None	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	108	7,034	5,076	12,218
Net cash from investing activities	108	7,034	5,076	12,218
NET INCREASE IN CASH AND CASH EQUIVALENTS				
	-	805,981	345,434	1,151,415
CASH AND CASH EQUIVALENTS, JANUARY 1	-	2,642,105	2,476,494	5,118,599
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ -	\$ 3,448,086	\$ 2,821,928	\$ 6,270,014
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 144,901	\$ 360,315	\$ 137,548	\$ 642,764
Adjustments to reconcile operating income to net cash from operating activities				
(Increase) decrease in				
Other receivables	(4,837)	34,938	(1,868)	28,233
Prepaid items	-	82,993	-	82,993
Inventories	(9,770)	-	-	(9,770)
Increase (decrease) in				
Accounts payable	(48,889)	351,058	(3,381)	298,788
Claims payable	-	(20,000)	208,059	188,059
Accrued payroll	(585)	-	-	(585)
Deferred revenue	-	694	-	694
Compensated absences payable	27	-	-	27
NET CASH FROM OPERATING ACTIVITIES	\$ 80,847	\$ 809,998	\$ 340,358	\$ 1,231,203

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, 2009

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Intergovernmental			
Park District facility charges	\$ 150,000	\$ 150,000	\$ 112,050
Charges for services			
Vehicle maintenance	1,712,800	1,712,800	1,712,800
Miscellaneous			
Refunds	13,000	13,000	14,170
Reimbursements	35,000	35,000	78,476
	<hr/>	<hr/>	<hr/>
Total operating revenues	1,910,800	1,910,800	1,917,496
OPERATING EXPENSES			
Costs of sales and services			
Public works			
Building maintenance	17,760	17,760	16,136
Vehicle maintenance	1,901,855	1,901,855	1,756,459
	<hr/>	<hr/>	<hr/>
Total operating expenses	1,919,615	1,919,615	1,772,595
	<hr/>	<hr/>	<hr/>
OPERATING INCOME (LOSS)	(8,815)	(8,815)	144,901
NONOPERATING REVENUES (EXPENSES)			
Investment income	-	-	108
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	\$ (8,815)	\$ (8,815)	145,009
	<hr/>	<hr/>	<hr/>
NET ASSETS (DEFICIT), JANUARY 1			(115,870)
	<hr/>	<hr/>	<hr/>
NET ASSETS, DECEMBER 31	\$ 29,139		
	<hr/>	<hr/>	<hr/>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2009

	Original and Final Budget	Actual
OPERATING REVENUES		
Charges for services		
Insurance fees and premiums		
Retiree	\$ 247,200	\$ 348,928
COBRA	-	8,911
Employee	459,000	457,832
Employer	4,697,165	4,623,902
Miscellaneous income	-	265
	<hr/>	<hr/>
Total operating revenues	5,403,365	5,439,838
OPERATING EXPENSES		
Administration	268,960	302,228
Insurance claims	5,260,690	4,774,850
Wellness program	3,020	2,445
	<hr/>	<hr/>
Total operating expenses	5,532,670	5,079,523
OPERATING INCOME (LOSS)	(129,305)	360,315
NONOPERATING REVENUES (EXPENSES)		
Investment income	<hr/>	<hr/>
	100,000	11,492
Total nonoperating revenues (expenses)	<hr/>	<hr/>
	100,000	11,492
CHANGE IN NET ASSETS	<hr/>	<hr/>
	\$ (29,305)	371,807
NET ASSETS, JANUARY 1		<hr/>
		2,667,145
NET ASSETS, DECEMBER 31	<hr/>	<hr/>
	\$ 3,038,952	

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2009

	Original and Final Budget	Actual
OPERATING REVENUES		
Charges for services		
Insurance fees and premiums	\$ 1,337,125	\$ 1,187,125
Miscellaneous		
Reimbursements	- 9,974	
 Total operating revenues	 1,337,125	 1,197,099
OPERATING EXPENSES		
Administration	150,000	110,539
Insurance claims	1,427,125	949,012
 Total operating expenses	 1,577,125	 1,059,551
OPERATING INCOME (LOSS)		
	(240,000)	137,548
NONOPERATING REVENUES (EXPENSES)		
Investment income	65,000	8,415
CHANGE IN NET ASSETS		
	<u>\$ (175,000)</u>	145,963
NET ASSETS, JANUARY 1		<u>2,250,199</u>
NET ASSETS, DECEMBER 31		<u>\$ 2,396,162</u>

(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, 2009

	Pension Trust		Total	
	Police Pension	Firefighters' Pension	Pension Trust	Agency Fund
ASSETS				
Cash and cash equivalents	\$ 3,673,865	\$ 833,243	\$ 4,507,108	\$ 824,891
Investments				
U.S. Treasury securities	3,233,568	22,516,482	25,750,050	-
U.S. agency securities	8,958,535	839,927	9,798,462	-
Money market mutual funds	3,601,892	15,164,963	18,766,855	-
Equities	15,391,906	1,545,831	16,937,737	-
Receivables				
Property taxes	-	-	-	664,332
Accrued interest	84,303	120,593	204,896	-
Due from general fund	51,981	35,325	87,306	63,599
Miscellaneous	3,734	-	3,734	-
TOTAL ASSETS	\$ 34,999,784	\$ 41,056,364	\$ 76,056,148	\$ 1,552,822
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Deferred revenues	\$ 35,028	\$ 26,569	\$ 61,597	\$ 631,965
Due to bondholders	-	-	-	878,892
Advances from primary government	-	-	-	41,965
Total liabilities	35,028	26,569	61,597	\$ 1,552,822
FUND BALANCES				
Reserved for employees' retirement system				
	34,964,756	41,029,795	75,994,551	
TOTAL LIABILITIES AND FUND BALANCES	\$ 34,999,784	\$ 41,056,364	\$ 76,056,148	

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, 2009

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 1,839,264	\$ 1,259,881	\$ 3,099,145
Employee	1,006,548	718,437	1,724,985
Total contributions	2,845,812	1,978,318	4,824,130
Investment income			
Net appreciation in fair value of investments	1,211,501	2,917,916	4,129,417
Interest	779,349	875,678	1,655,027
Total investment income	1,990,850	3,793,594	5,784,444
Less investment expense	(169,546)	(123,423)	(292,969)
Net investment income	1,821,304	3,670,171	5,491,475
Miscellaneous income	6,583	-	6,583
Total additions	4,673,699	5,648,489	10,322,188
DEDUCTIONS			
Administration	37,542	12,329	49,871
Benefits and refunds			
Retirement benefits	2,170,950	2,241,738	4,412,688
Refunds of contributions	119,749	-	119,749
Total deductions	2,328,241	2,254,067	4,582,308
NET INCREASE	2,345,458	3,394,422	5,739,880
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
January 1	32,619,298	37,635,373	70,254,671
December 31	\$ 34,964,756	\$ 41,029,795	\$ 75,994,551

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, 2009

	Original and Final Budget	Actual
ADDITIONS		
Contributions		
Employer	\$ 1,866,000	\$ 1,839,264
Employee	908,650	1,006,548
 Total contributions	 2,774,650	 2,845,812
Investment income		
Net appreciation in fair value of investments	- 1,211,501	
Interest	250,000	779,349
 Total investment income	 250,000	 1,990,850
Less investment expense	(150,000)	(169,546)
 Net investment income	 100,000	 1,821,304
Miscellaneous income	- 6,583	
 Total additions	 2,874,650	 4,673,699
DEDUCTIONS		
Administration	21,400	37,542
Benefits and refunds		
Retirement benefits	1,926,000	2,170,950
Refunds of contributions	75,000	119,749
 Total deductions	 2,022,400	 2,328,241
NET INCREASE	\$ 852,250	2,345,458
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
January 1	32,619,298	
December 31	\$ 34,964,756	

(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, 2009

	Original and Final Budget	Actual
ADDITIONS		
Contributions		
Employer	\$ 1,282,000	\$ 1,259,881
Employee	760,515	718,437
 Total contributions	 2,042,515	 1,978,318
 Investment income		
Net appreciation in fair value of investments	- 2,917,916	
Interest	250,000	875,678
 Total investment income	 250,000	 3,793,594
Less investment expense	(150,000)	(123,423)
 Net investment income	 100,000	 3,670,171
 Total additions	 2,142,515	 5,648,489
 DEDUCTIONS		
Administration	19,400	12,329
Benefits and refunds		
Benefits	1,827,500	2,241,738
Refunds of contributions	75,000	-
 Total deductions	 1,921,900	 2,254,067
 NET INCREASE	 \$ 220,615	 3,394,422
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
January 1		37,635,373
December 31		\$ 41,029,795

(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, 2009

	Balances		Balances	
	January 1	Additions	Deletions	December 31
ASSETS				
Cash and cash equivalents	\$ 724,748	\$ 529,377	\$ 429,234	\$ 824,891
Receivables				
Property taxes	603,910	60,422	-	664,332
Due from residents	63,599	-	-	63,599
TOTAL ASSETS	\$ 1,392,257	\$ 589,799	\$ 429,234	\$ 1,552,822
LIABILITIES				
Other liabilities	\$ 603,664	\$ 631,965	\$ 603,664	\$ 631,965
Due to bondholders	724,994	153,898	-	878,892
Advances from other funds	63,599	-	21,634	41,965
TOTAL LIABILITIES	\$ 1,392,257	\$ 785,863	\$ 625,298	\$ 1,552,822

(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, 2009

	Original Budget	Final Budget	Actual
TAXES			
Property tax			
Police protection	\$ 5,000,000	\$ 5,000,000	\$ 4,843,189
Fire protection	6,946,295	6,946,295	6,669,483
FICA	2,100,000	2,100,000	2,033,154
IMRF	1,200,000	1,200,000	1,163,607
Police pension	1,866,000	1,866,000	1,839,264
Fire pension	1,282,000	1,282,000	1,259,881
Township road and bridge	661,200	661,200	691,884
Personal property replacement tax	144,900	144,900	111,489
State sales tax	7,853,700	7,853,700	7,070,406
Home rule sales tax	4,453,400	4,453,400	3,992,663
Local use tax	1,033,780	1,033,780	834,769
Motel occupancy tax	391,400	391,400	229,454
Food and beverage	1,094,600	1,094,600	1,045,860
Auto rental tax	11,900	11,900	10,897
Foreign fire insurance tax	46,000	-	-
 Total taxes	 34,085,175	 34,039,175	 31,796,000
LICENSES AND PERMITS			
Liquor licenses	315,200	315,200	340,661
Business licenses	273,600	273,600	315,348
Animal licenses	30,700	30,700	29,940
Cable television fees	629,500	629,500	607,303
Vehicle licenses	1,092,400	1,092,400	1,046,205
Building permits and fees	538,200	538,200	448,729
Other licenses and permits	305,600	305,600	293,798
 Total licenses and permits	 3,185,200	 3,185,200	 3,081,984
INTERGOVERNMENTAL			
State income tax	6,487,500	6,487,500	5,472,627
Park district reimbursement	29,100	29,100	43,957
Fire protection district reimbursement	585,500	585,500	510,000
State highway maintenance	117,400	117,400	121,957
Public safety training reimbursement	25,300	25,300	25,018
Police consultant - schools	437,400	437,400	437,400
Other grants	32,100	121,080	139,587
 Total intergovernmental	 7,714,300	 7,803,280	 6,750,546

(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, 2009

	Original Budget	Final Budget	Actual
CHARGES FOR SERVICES			
Plan review fees	\$ 210,600	\$ 210,600	\$ 158,531
Ambulance fees	1,058,300	1,058,300	1,122,732
Inspection fees	238,900	238,900	171,630
Special police service	120,000	120,000	96,160
Street fest revenue	165,400	165,400	175,155
Other charges for services	99,200	99,200	88,353
 Total charges for services	 1,892,400	 1,892,400	 1,812,561
FINES AND FORFEITS			
Circuit court fines	555,500	555,500	515,748
Parking fines	185,500	185,500	147,762
Red light fees	75,000	75,000	643,499
Impound fees	50,000	50,000	60,000
Compliance fines	149,000	149,000	168,713
Adjudication and other fines	130,500	132,900	321,078
 Total fines and forfeits	 1,145,500	 1,147,900	 1,856,800
INVESTMENT INCOME			
 INVESTMENT INCOME	 300,000	 300,000	 307,689
MISCELLANEOUS			
Reimbursements and refunds	125,300	166,940	303,541
Building rental	-	-	30,000
Private activity bonds	50,000	50,000	-
Donations	-	7,200	7,650
Other	5,000	5,000	12,963
 Total miscellaneous	 180,300	 229,140	 354,154
 TOTAL REVENUES	 \$ 48,502,875	 \$ 48,597,095	 \$ 45,959,734

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT			
Mayor and council	\$ 333,240	\$ 311,915	\$ 301,527
Boards and commissions			
Planning commission	6,580	6,580	2,263
Zoning board	7,950	7,950	3,755
Fire and police commission	22,775	18,525	19,617
Board of health	6,570	5,270	3,506
Beautification commission	41,700	41,700	20,300
Administration			
Village manager	710,445	705,445	704,140
Human resources	553,865	517,730	489,718
Liability insurance	1,337,125	1,187,125	1,187,125
Administrative services			
Administration	166,070	166,070	136,250
Streetfest	209,000	209,000	216,681
Cable TV	25,400	35,000	22,749
Administrative adjudication	91,215	91,215	90,916
Village clerk	199,645	199,645	186,887
Legal services			
Village attorney	405,680	405,680	454,962
Village prosecutor	42,645	42,645	41,400
Labor and collective bargaining	35,000	35,000	62,889
Finance and operations			
Financial administration	412,285	406,735	387,782
Customer services	486,675	474,625	392,981
Accounting	475,260	459,385	457,117
Information systems			
Information systems	940,485	941,485	902,200
GIS	196,200	192,150	191,318
Village phone system	263,570	248,070	219,638
Community services			
Administration	288,305	285,150	273,257
Permits and inspections	840,050	832,855	844,301
Code compliance	471,920	466,890	395,049
Health inspections	405,535	442,690	426,888
Planning and economic development			
Planning and zoning	533,130	571,825	541,237
Community development reimbursement	(81,730)	(81,730)	(81,704)
Economic development	98,290	90,390	13,023
Less administrative fees			
Sewerage Fund	(300,000)	(300,000)	(300,000)
Refuse Fund	(50,000)	(50,000)	(50,000)
Motor Vehicle Parking System Fund	(50,000)	(50,000)	(50,000)
 Total general government	 9,124,880	 8,917,015	 8,507,772

(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, 2009

	Original Budget	Final Budget	Actual
PUBLIC SAFETY			
Police department			
Administration	\$ 1,073,995	\$ 1,059,295	\$ 946,512
Support services	2,647,130	2,628,250	2,583,195
Field operations	<u>14,311,400</u>	<u>14,354,861</u>	<u>14,310,443</u>
Total police department	<u>18,032,525</u>	<u>18,042,406</u>	<u>17,840,150</u>
Fire department			
Administration	648,560	641,785	721,360
Fire protection and paramedic services	12,057,050	12,053,610	12,037,974
Fire prevention	632,240	632,240	634,516
Fire training	272,895	267,895	283,200
Foreign fire insurance program	46,000	-	-
Emergency management	<u>139,735</u>	<u>165,035</u>	<u>161,021</u>
Total fire department	<u>13,796,480</u>	<u>13,760,565</u>	<u>13,838,071</u>
Total public safety	<u>31,829,005</u>	<u>31,802,971</u>	<u>31,678,221</u>
PUBLIC WORKS			
Public works			
Administration	898,585	888,085	837,846
Building and grounds	635,945	615,145	582,969
Electrical maintenance	409,605	394,605	408,498
Forestry	1,213,200	1,209,700	1,137,000
Street maintenance	2,873,115	2,868,015	2,875,690
Engineering	<u>539,215</u>	<u>534,215</u>	<u>518,641</u>
Total public works	<u>6,569,665</u>	<u>6,509,765</u>	<u>6,360,644</u>
TOTAL EXPENDITURES	<u>\$ 47,523,550</u>	<u>\$ 47,229,751</u>	<u>\$ 46,546,637</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
DOWNTOWN TIF FUND**

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
ECONOMIC DEVELOPMENT			
Administration	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 285,280</u>
Project expenditures			
Block 31 (Providence)	-	-	88
Block 22 (Smith/Wilson Parking Deck)	5,300,000	5,300,000	55,092
Block 26 (Emmett's)	-	-	14,400
Block 19 (Benchmark)	-	-	1,169
Block 27 (Palatine Place)	-	-	23,735
Railwalk	-	12,910	14,958
Palatine Road reconstruction	-	363,000	168,358
Mint Julep Restaurant	-	19,310	19,310
Downtown maintenance	75,000	75,000	52,489
Watermain improvements	-	187,675	20,382
Street improvements	1,620,000	2,160,650	1,893
Public improvements	-	53,000	-
Total project expenditures	<u>6,995,000</u>	<u>8,171,545</u>	<u>371,874</u>
Land acquisition			
Block 19 (Stratford)	-	460,000	115,821
Block 18 (Heritage)	550,000	930,690	-
Palatine Road reconstruction	1,500,000	2,206,867	19,042
Block 22 (Smith/Wilson parking deck)	-	4,500,000	134,138
Total land acquisition	<u>2,050,000</u>	<u>8,097,557</u>	<u>269,001</u>
DEBT SERVICE			
Principal payments	2,744,585	2,744,585	2,743,429
Interest and fiscal charges	<u>1,771,765</u>	<u>1,771,765</u>	<u>1,881,902</u>
Total debt service	<u>4,516,350</u>	<u>4,516,350</u>	<u>4,625,331</u>
TOTAL EXPENDITURES	<u>\$ 13,611,350</u>	<u>\$ 20,835,452</u>	<u>\$ 5,551,486</u>

(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, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Property taxes	\$ 2,625,710	\$ 2,625,710	\$ 2,593,318
Intergovernmental	-	-	59,152
Investment income	7,405	7,405	7,839
 Total revenues	 2,633,115	 2,633,115	 2,660,309
EXPENDITURES			
Debt service			
Principal	2,165,200	2,165,200	2,229,810
Interest	460,515	696,965	604,999
Fiscal charges	15,000	7,400	5,983
Bond issuance costs	-	185,000	209,504
 Total expenditures	 2,640,715	 3,054,565	 3,050,296
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES			
	(7,600)	(421,450)	(389,987)
OTHER FINANCING SOURCES (USES)			
Bonds issued, at par	-	4,809,660	4,809,660
Bond premium	-	-	152,558
Payment to refunded bond escrow	-	(4,624,660)	(4,678,260)
Transfers in	1,135,000	-	-
 Total other financing sources (uses)	 1,135,000	 185,000	 283,958
 NET CHANGE IN FUND BALANCE	 \$ 1,127,400	 \$ (236,450)	 (106,029)
 FUND BALANCE, JANUARY 1			 2,296,832
 FUND BALANCE, DECEMBER 31			 \$ 2,190,803

(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, 2009

	Original Budget	Final Budget	Actual
DEBT SERVICE			
General obligation bond			
Series 1999			
Principal retirement	\$ 186,670	\$ 186,670	\$ 186,670
Interest	67,350	67,350	37,508
Total series 1999	<u>254,020</u>	<u>254,020</u>	<u>224,178</u>
Series 1999A			
Interest	<u>11,105</u>	<u>11,105</u>	<u>11,103</u>
Series 2000			
Principal retirement	1,439,930	1,439,930	1,439,930
Interest	230,890	230,890	151,033
Total series 2000	<u>1,670,820</u>	<u>1,670,820</u>	<u>1,590,963</u>
Series 2000B			
Principal retirement	72,290	72,290	72,290
Interest	34,565	34,565	34,563
Total series 2000B	<u>106,855</u>	<u>106,855</u>	<u>106,853</u>
Refunding series 2003			
Principal retirement	370,820	370,820	370,820
Interest	51,955	51,955	51,955
Total refunding series 2003	<u>422,775</u>	<u>422,775</u>	<u>422,775</u>
Equipment series 2004			
Principal	90,000	90,000	90,000
Interest	2,250	2,250	2,250
Total equipment series 2004	<u>92,250</u>	<u>92,250</u>	<u>92,250</u>
Refunding series 2004C			
Principal retirement	3,130	3,130	3,130
Interest	46,320	46,320	46,318
Total refunding series 2004C	<u>49,450</u>	<u>49,450</u>	<u>49,448</u>
Refunding series 2005			
Principal retirement	2,360	2,360	2,360
Interest	16,080	16,080	16,080
Total refunding series 2005	<u>18,440</u>	<u>18,440</u>	<u>18,440</u>

(This schedule is continued on the following page.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL OBLIGATION BOND FUND (Continued)

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
DEBT SERVICE (Continued)			
General obligation bond (Continued)			
Series 2009A			
Interest	\$ -	\$ 30,110	\$ 30,107
Series 2009C			
Interest	-	169,005	169,005
Series 2009D			
Interest	-	37,335	37,335
Refunding series 2009G			
Principal retirement	-	-	64,610
Interest	-	-	17,742
Total refunding series 2009G	-	-	82,352
Fiscal charges	15,000	7,400	5,983
Bond issuance costs	-	185,000	209,504
TOTAL EXPENDITURES	\$ 2,640,715	\$ 3,054,565	\$ 3,050,296

(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, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Property taxes	\$ 3,945,410	\$ 3,945,410	\$ 3,680,329
Investment income	100,000	100,000	48,350
 Total revenues	 4,045,410	 4,045,410	 3,728,679
EXPENDITURES			
Debt service			
Principal	5,154,600	6,854,600	6,812,100
Interest	1,028,830	1,028,830	635,924
Fiscal charges	7,500	7,500	4,200
 Total expenditures	 6,190,930	 7,890,930	 7,452,224
 NET CHANGE IN FUND BALANCE	 \$ (2,145,520)	 \$ (3,845,520)	 \$ (3,723,545)
 FUND BALANCE, JANUARY 1			 8,393,759
 FUND BALANCE, DECEMBER 31			 \$ 4,670,214

(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, 2009

	Program Account	Bond and Interest Account	Bond Reserve Account	Special Redemption Account	Incremental Property Tax Account	Totals
REVENUES						
Property taxes						
Dundee Road TIF	\$ -	\$ -	\$ -	\$ -	\$ 3,273,749	\$ 3,273,749
Rand/Dundee TIF	-	-	-	-	406,580	406,580
Investment income	3,063	5,700	39,244	51	292	48,350
Total revenues	3,063	5,700	39,244	51	3,680,621	3,728,679
EXPENDITURES						
Debt service						
Principal	-	6,812,100	-	-	-	6,812,100
Interest and fiscal charges	-	640,124	-	-	-	640,124
Total expenditures	-	7,452,224	-	-	-	7,452,224
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES						
	3,063	(7,446,524)	39,244	51	3,680,621	(3,723,545)
OTHER FINANCING SOURCES (USES)						
Transfers in	4,659,982	5,497,024	-	-	-	10,157,006
Transfers (out)	-	-	(2,468,244)	(3,961,883)	(3,726,879)	(10,157,006)
Total other financing sources (uses)	4,659,982	5,497,024	(2,468,244)	(3,961,883)	(3,726,879)	-
NET CHANGE IN FUND BALANCE						
	4,663,045	(1,949,500)	(2,429,000)	(3,961,832)	(46,258)	(3,723,545)
FUND BALANCE, JANUARY 1	7,169	1,949,500	2,429,000	3,961,832	46,258	8,393,759
FUND BALANCE, DECEMBER 31	\$ 4,670,214	\$ -	\$ -	\$ -	\$ -	\$ 4,670,214

(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, 2009

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services	\$ 6,442,380	\$ 6,442,380	\$ 6,370,034
Miscellaneous	26,100	26,100	47,916
 Total operating revenues	 6,468,480	 6,468,480	 6,417,950
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Costs of sales and services	5,241,765	5,091,851	4,851,580
 Total operating expenses excluding depreciation	 5,241,765	 5,091,851	 4,851,580
OPERATING INCOME BEFORE DEPRECIATION			
	1,226,715	1,376,629	1,566,370
DEPRECIATION AND AMORTIZATION			
	-	-	719,311
OPERATING INCOME			
	1,226,715	1,376,629	847,059
NONOPERATING REVENUES (EXPENSES)			
Investment income	31,000	31,000	1,875
Bond proceeds	650,000	-	-
Interest expense	(1,074,900)	(1,074,900)	(523,964)
Loss on disposal of capital assets	-	-	(49,375)
Expense from joint venture	2,800	2,800	(44,166)
 Total nonoperating revenues (expenses)	 (391,100)	 (1,041,100)	 (615,630)
CHANGE IN NET ASSETS			
	\$ 835,615	\$ 335,529	231,429
NET ASSETS, JANUARY 1			16,965,702
NET ASSETS, DECEMBER 31			<u>\$ 17,197,131</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

**SCHEDULE OF OPERATING REVENUES - BUDGET AND ACTUAL
WATERWORKS FUND**

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
CHARGES FOR SERVICES			
Water use fees			
Incorporated	\$ 4,504,585	\$ 4,504,585	\$ 4,647,918
Unincorporated	1,173,305	1,173,305	1,181,775
Other	27,000	27,000	8,040
Water penalties			
Incorporated	60,000	60,000	53,252
Unincorporated	9,000	9,000	9,429
User charge			
Incorporated	415,990	415,990	392,487
Unincorporated	20,000	20,000	22,831
Water surcharge	75,000	75,000	10,413
Water extension fee	100,000	100,000	17,293
Water tap fees	20,000	20,000	5,066
Water meter sales	30,000	30,000	12,530
Turn-on/service fees	7,500	7,500	9,000
 Total charges for services	 6,442,380	 6,442,380	 6,370,034
 MISCELLANEOUS			
Park district fees	26,100	26,100	42,798
Reimbursements	-	-	5,118
 Total miscellaneous	 26,100	 26,100	 47,916
 TOTAL OPERATING REVENUES	 \$ 6,468,480	 \$ 6,468,480	 \$ 6,417,950

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
WATERWORKS FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
COSTS OF SALES AND SERVICES			
Finance and operations			
Administration	\$ 25,000	\$ 25,000	\$ -
Customer services	396,470	396,470	332,988
Accounting services	46,000	46,000	46,203
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Total finance and operations	467,470	442,470	379,191
	<hr/>	<hr/>	<hr/>
Engineering	99,850	99,850	100,596
	<hr/>	<hr/>	<hr/>
Public works			
Administration	104,410	104,410	94,404
Building and grounds maintenance			
Mechanical equipment maintenance	21,170	21,170	18,666
Custodial general maintenance	99,210	99,210	60,453
Electrical maintenance			
Water system maintenance	3,510	3,510	1,355
Building maintenance	205,675	205,675	205,909
Water maintenance			
Supply maintenance	742,855	742,855	682,133
Distribution maintenance	529,165	529,165	532,810
Service and meter maintenance	214,450	214,450	186,391
Forestry			
Landscape - beautification	5,000	5,000	5,000
Northwest Water Commission - water purchase	2,624,000	2,624,000	2,586,661
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Total public works	4,549,445	4,549,445	4,373,782
	<hr/>	<hr/>	<hr/>
Operations - other			
Capital projects			
Village wide watermains	440,000	276,337	260,253
Water tank maintenance	650,000	702,015	706,250
Alternative water supply	-	201,215	170,000
Watermain extensions	125,000	86	-
Utilities SCADA system	-	15,395	14,664
Utilities Inc. purchase	-	-	2,835
Less nonoperating items - capital assets	(1,090,000)	(1,194,962)	(1,155,991)
	<hr/>	<hr/>	<hr/>
Total operations - other	125,000	86	(1,989)
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	\$ 5,241,765	\$ 5,091,851	\$ 4,851,580
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(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF CAPITAL ASSETS AND ACCUMULATED DEPRECIATION
WATERWORKS FUND

For the Year Ended December 31, 2009

Capital Assets				
	Balances			Balances
	January 1	Additions	Retirements	December 31
Land	\$ 740,200	\$ -	\$ -	\$ 740,200
Construction in progress	1,548,940	-	1,548,940	-
Machinery and equipment	403,885	1,563,604	-	1,967,489
Water system	22,383,020	1,141,327	73,135	23,451,212
TOTAL	\$ 25,076,045	\$ 2,704,931	\$ 1,622,075	\$ 26,158,901

Accumulated Depreciation				
	Balances			Balances
	January 1	Provisions	Retirements	December 31
Machinery and equipment	\$ 336,165	\$ 192,735	\$ -	\$ 528,900
Water system	10,696,730	526,576	23,760	11,199,546
TOTAL	\$ 11,032,895	\$ 719,311	\$ 23,760	\$ 11,728,446

NET ASSET VALUE \$ 14,430,455

(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, 2009

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services	\$ 2,997,835	\$ 2,997,835	\$ 3,128,333
Total operating revenues	<u>2,997,835</u>	<u>2,997,835</u>	<u>3,128,333</u>
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Costs of sales and services	<u>1,733,560</u>	<u>1,843,699</u>	<u>1,636,260</u>
Total operating expenses	<u>1,733,560</u>	<u>1,843,699</u>	<u>1,636,260</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	1,264,275	1,154,136	1,492,073
DEPRECIATION AND AMORTIZATION	<u>-</u>	<u>-</u>	<u>1,159,078</u>
OPERATING INCOME (LOSS)	<u>1,264,275</u>	<u>1,154,136</u>	<u>332,995</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	100,000	100,000	24,500
Interest and fiscal charges	(131,000)	(1,266,000)	(595,907)
Miscellaneous	<u>500</u>	<u>500</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(30,500)</u>	<u>(1,165,500)</u>	<u>(571,407)</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	1,233,775	(11,364)	(238,412)
Contributions	<u>-</u>	<u>-</u>	<u>4,271</u>
CHANGE IN NET ASSETS	<u>\$ 1,233,775</u>	<u>\$ (11,364)</u>	<u>(234,141)</u>
NET ASSETS, JANUARY 1			<u>18,886,868</u>
NET ASSETS, DECEMBER 31			<u>\$ 18,652,727</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING REVENUES - BUDGET AND ACTUAL
SEWERAGE FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Sewer use fees			
Incorporated	\$ 1,397,015	\$ 1,397,015	\$ 1,551,793
Unincorporated	275,170	275,170	269,839
Sewer penalties			
Incorporated	25,500	25,500	29,835
Unincorporated	1,550	1,550	2,687
Sewer connection fees	20,000	20,000	3,759
50/50 sewer extension fees	-	-	7,560
Surcharges			
Sewer separation surcharge	131,000	131,000	143,194
Fair Meadows surcharge	1,600	1,600	1,685
Flood control surcharge	1,146,000	1,146,000	1,117,981
Miscellaneous	500	500	-
TOTAL OPERATING REVENUES	\$ 2,998,335	\$ 2,998,335	\$ 3,128,333

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
SEWERAGE FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
OPERATING EXPENSES			
Costs of sales and services			
Public works			
Water system maintenance	\$ 1,530	\$ 1,530	\$ 259
Sewer maintenance	491,940	491,940	471,423
Collection system	165,380	165,380	158,064
Flood control			
Total public works	<u>658,850</u>	<u>658,850</u>	<u>629,746</u>
Engineering	<u>87,710</u>	<u>87,710</u>	<u>103,200</u>
Operations - other			
Administrative fees - General Fund	300,000	300,000	300,000
Capital Projects			
Sanitary lift station improvements	25,000	10,370	5,501
Sanitary sewer replacement	50,000	-	-
Sanitary sewer sliplining	150,000	150,000	150,000
50/50 sewer extension project	82,000	72,227	72,227
Storm inlet construction program	60,000	60,000	21,569
Creek outfall structure	20,000	16,550	9,475
Storm sewer replacement and extension	200,000	333,679	333,678
Storm sewer sliplining	60,000	60,000	4,156
Flood mitigation	30,000	80,000	83,799
Stormwater utility fee	150,000	100,000	-
Bridges and culverts	60,000	60,000	58,155
Winston Park flood improvements	-	1,603,952	1,603,952
Open drainage modification program	200,000	298,082	298,082
Palanois Park improvements	-	14,243	14,242
South Central improvements	-	286,569	286,568
Buffalo Creek improvements	-	145,261	145,261
Village wide improvements	-	5,883	5,883
Gilbert/Glade storm water	-	73,265	73,265
Rand Road sanitary sewer	-	22,605	-
Less nonoperating items - capital assets	<u>(400,000)</u>	<u>(2,595,547)</u>	<u>(2,562,499)</u>
Total operations - other	<u>987,000</u>	<u>1,097,139</u>	<u>903,314</u>
TOTAL OPERATING EXPENSES	<u>\$ 1,733,560</u>	<u>\$ 1,843,699</u>	<u>\$ 1,636,260</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF CAPITAL ASSETS AND ACCUMULATED DEPRECIATION
SEWERAGE FUND

For the Year Ended December 31, 2009

Capital Assets				
	Balances January 1	Additions	Retirements	Balances December 31
Machinery and equipment	\$ 221,450	\$ -	\$ -	\$ 221,450
Sewer system	54,272,496	2,566,770	11,700	56,827,566
TOTAL	\$ 54,493,946	\$ 2,566,770	\$ 11,700	\$ 57,049,016

Accumulated Depreciation				
	Balances January 1	Provisions	Retirements	Balances December 31
Machinery and equipment	\$ 73,370	\$ 22,150	\$ -	\$ 95,520
Sewer system	28,106,710	1,136,928	11,700	29,231,938
TOTAL	\$ 28,180,080	\$ 1,159,078	\$ 11,700	\$ 29,327,458

NET ASSET VALUE	<u>\$ 27,721,558</u>
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(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, 2009

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Parking fees	\$ 607,500	\$ 607,500	\$ 613,678
Miscellaneous	18,000	18,000	16,641
	<hr/>	<hr/>	<hr/>
Total operating revenues	625,500	625,500	630,319
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Costs of sales and services			
	<hr/>	<hr/>	<hr/>
Total operating expenses	679,255	670,440	657,822
OPERATING INCOME (LOSS) BEFORE DEPRECIATION			
	(53,755)	(44,940)	(27,503)
DEPRECIATION	<hr/>	<hr/>	<hr/>
	-	-	773,660
OPERATING INCOME (LOSS)	(53,755)	(44,940)	(801,163)
NONOPERATING REVENUES (EXPENSES)			
Investment income	<hr/>	<hr/>	<hr/>
	50,000	50,000	2,132
CHANGE IN NET ASSETS	<hr/>	<hr/>	<hr/>
	\$ (3,755)	\$ 5,060	(799,031)
NET ASSETS, JANUARY 1			<hr/>
			13,996,218
NET ASSETS, DECEMBER 31			<hr/>
			\$ 13,197,187

(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, 2009

	Original Budget	Final Budget	Actual
COSTS OF SALES AND SERVICES			
Motor vehicle parking			
Commuter station	\$ 468,155	\$ 468,155	\$ 501,879
Finance - customer services	106,100	106,100	79,758
	<hr/>	<hr/>	<hr/>
Total motor vehicle parking	574,255	574,255	581,637
Operations - other			
Administrative fees - General Fund	50,000	50,000	50,000
Capital projects			
Parking deck/platform improvements	15,000	15,000	-
Parking deck maintenance	25,000	26,185	26,185
Brick paver repair	5,000	5,000	-
Train station improvements	10,000	-	-
	<hr/>	<hr/>	<hr/>
Total operations - other	105,000	96,185	76,185
TOTAL OPERATING EXPENSES	<hr/>	<hr/>	<hr/>
	\$ 679,255	\$ 670,440	\$ 657,822

(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, 2009

Capital Assets				
	Balances January 1	Additions	Retirements	Balances 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 January 1	Provisions	Retirements	Balances December 31
Improvements	\$ 4,818,960	\$ 773,660	\$ -	\$ 5,592,620
NET ASSET VALUE				\$ 12,246,448

(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, 2009

	Original and Final Budget	Actual
OPERATING REVENUES		
Charges for services		
Refuse billing	\$ 4,342,430	\$ 4,382,095
Miscellaneous	75,000	32,509
	<hr/>	<hr/>
Total operating revenues	4,417,430	4,414,604
OPERATING EXPENSES		
Refuse collection	4,443,710	4,177,437
Administrative fees - General Fund	50,000	50,000
	<hr/>	<hr/>
Total operating expenses	4,493,710	4,227,437
OPERATING INCOME (LOSS)		
	<hr/>	<hr/>
NONOPERATING REVENUES (EXPENSES)		
Investment income	17,500	3,224
	<hr/>	<hr/>
Total nonoperating revenues (expenses)	17,500	3,224
CHANGE IN NET ASSETS		
	<hr/>	<hr/>
NET ASSETS, JANUARY 1	\$ (58,780)	190,391
	<hr/>	<hr/>
NET ASSETS, DECEMBER 31	\$ 1,302,336	<hr/>
	<hr/>	<hr/>
	\$ 1,492,727	<hr/>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

December 31, 2009

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 1999A

December 31, 2009

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
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>\$ 74,158</u>	<u>\$ 509,158</u>		<u>\$ 37,079</u>		<u>\$ 37,079</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2000B

December 31, 2009

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% to 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
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>\$ 1,015,000</u>	<u>\$ 218,214</u>	<u>\$ 1,233,214</u>		<u>\$ 109,107</u>		<u>\$ 109,107</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2001

December 31, 2009

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% to 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
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>\$ 13,925,000</u>	<u>\$ 2,888,452</u>	<u>\$ 16,813,452</u>		<u>\$ 1,444,228</u>		<u>\$ 1,444,224</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 BOND SERIES OF 2002

December 31, 2009

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% to 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
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>\$ 7,400,000</u>	<u>\$ 2,492,498</u>	<u>\$ 9,892,498</u>		<u>\$ 1,246,249</u>		<u>\$ 1,246,249</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS
 LONG-TERM DEBT REQUIREMENTS
 GENERAL OBLIGATION REFUNDING TAXABLE BOND SERIES OF 2003

December 31, 2009

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
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>\$ 1,240,000</u>	<u>\$ 121,475</u>	<u>\$ 1,361,475</u>		<u>\$ 60,737</u>		<u>\$ 60,738</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 REFUNDING BOND SERIES OF 2003

December 31, 2009

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
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>\$ 1,900,000</u>	<u>\$ 136,300</u>	<u>\$ 2,036,300</u>		<u>\$ 68,149</u>		<u>\$ 68,151</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION TAX INCREMENT BOND SERIES OF 2003

December 31, 2009

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
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>\$ 477,332</u>	<u>\$ 37,345</u>	<u>\$ 514,677</u>		<u>\$ 20,691</u>		<u>\$ 16,654</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 BOND SERIES OF 2004

December 31, 2009

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
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>\$ 1,300,000</u>	<u>\$ 216,235</u>	<u>\$ 1,516,235</u>		<u>\$ 108,117</u>		<u>\$ 108,118</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 2004A

December 31, 2009

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
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>\$ 6,220,000</u>	<u>\$ 2,367,083</u>	<u>\$ 8,587,083</u>		<u>\$ 1,183,542</u>		<u>\$ 1,183,541</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 REFUNDING BOND SERIES OF 2004C

December 31, 2009

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
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	<u>1,835,000</u>	<u>73,400</u>	<u>1,908,400</u>	2012	<u>36,700</u>	2012	<u>36,700</u>
	<u>\$ 1,845,000</u>	<u>\$ 220,688</u>	<u>\$ 2,065,688</u>		<u>\$ 110,344</u>		<u>\$ 110,344</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS
 LONG-TERM DEBT REQUIREMENTS
 GENERAL OBLIGATION REFUNDING BOND SERIES OF 2004D

December 31, 2009

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
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>\$ 4,900,000</u>	<u>\$ 1,487,338</u>	<u>\$ 6,387,338</u>		<u>\$ 743,669</u>		<u>\$ 743,669</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 REFUNDING BOND SERIES OF 2005

December 31, 2009

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
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>\$ 845,000</u>	<u>\$ 134,000</u>	<u>\$ 979,000</u>		<u>\$ 67,000</u>		<u>\$ 67,000</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

December 31, 2009

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
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>\$ 104,800</u>	<u>\$ 469,800</u>		<u>\$ 52,400</u>		<u>\$ 52,400</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 2007B

December 31, 2009

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
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>\$ 6,640,000</u>	<u>\$ 2,712,448</u>	<u>\$ 9,352,448</u>		<u>\$ 1,356,224</u>		<u>\$ 1,356,224</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 BOND SERIES OF 2007C

December 31, 2009

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
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>\$ 325,406</u>	<u>\$ 1,540,406</u>		<u>\$ 162,703</u>		<u>\$ 162,703</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, 2009

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
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>\$ 9,535,000</u>	<u>\$ 5,301,048</u>	<u>\$14,836,048</u>		<u>\$ 2,650,524</u>		<u>\$ 2,650,524</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 BOND SERIES OF 2007E

December 31, 2009

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
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>\$ 1,260,000</u>	<u>\$ 236,600</u>	<u>\$ 1,496,600</u>		<u>\$ 118,300</u>		<u>\$ 118,300</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2008

December 31, 2009

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% to 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
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>\$ 4,455,000</u>	<u>\$ 2,191,706</u>	<u>\$ 6,646,706</u>		<u>\$ 1,095,853</u>		<u>\$ 1,095,853</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2009A

December 31, 2009

Date of Issue	April 29, 2009
Date of Maturity	December 1, 2029
Amount Issued	\$1,190,000
Denomination of Bond	\$5,000
Interest Rate	4.40% to 4.75%
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
2009	\$ -	\$ 51,126	\$ 51,126	2010	\$ 25,563	2010	\$ 25,563
2010	45,000	51,126	96,126	2011	25,563	2011	25,563
2011	45,000	49,326	94,326	2012	24,663	2012	24,663
2012	45,000	47,526	92,526	2013	23,763	2013	23,763
2013	50,000	45,726	95,726	2014	22,863	2014	22,863
2014	50,000	43,726	93,726	2015	21,863	2015	21,863
2015	50,000	41,726	91,726	2016	20,863	2016	20,863
2016	55,000	39,726	94,726	2017	19,863	2017	19,863
2017	55,000	37,526	92,526	2018	18,763	2018	18,763
2018	60,000	35,326	95,326	2019	17,663	2019	17,663
2019	60,000	32,926	92,926	2020	16,463	2020	16,463
2020	60,000	30,526	90,526	2021	15,263	2021	15,263
2021	65,000	27,976	92,976	2022	13,988	2022	13,988
2022	70,000	25,212	95,212	2023	12,606	2023	12,606
2023	70,000	22,238	92,238	2024	11,119	2024	11,119
2024	75,000	19,088	94,088	2025	9,544	2025	9,544
2025	80,000	15,712	95,712	2026	7,856	2026	7,856
2026	80,000	12,112	92,112	2027	6,056	2027	6,056
2027	85,000	8,312	93,312	2028	4,156	2028	4,156
2028	90,000	4,276	94,276	2029	2,138	2029	2,138
	<u>\$ 1,190,000</u>	<u>\$ 641,238</u>	<u>\$ 1,831,238</u>		<u>\$ 320,619</u>		<u>\$ 320,619</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2009B

December 31, 2009

Date of Issue	April 29, 2009
Date of Maturity	December 1, 2025
Amount Issued	\$8,000,000
Denomination of Bond	\$5,000
Interest Rate	4.00% to 5.60%
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
2009	\$ -	\$ 390,678	\$ 390,678	2010	\$ 195,339	2010	\$ 195,339
2010	-	390,678	390,678	2011	195,339	2011	195,339
2011	-	390,678	390,678	2012	195,339	2012	195,339
2012	425,000	390,678	815,678	2013	195,339	2013	195,339
2013	450,000	373,678	823,678	2014	186,839	2014	186,839
2014	475,000	355,678	830,678	2015	177,839	2015	177,839
2015	505,000	335,728	840,728	2016	167,864	2016	167,864
2016	535,000	314,266	849,266	2017	157,133	2017	157,133
2017	565,000	291,528	856,528	2018	145,764	2018	145,764
2018	600,000	266,102	866,102	2019	133,051	2019	133,051
2019	635,000	237,602	872,602	2020	118,801	2020	118,801
2020	675,000	205,852	880,852	2021	102,926	2021	102,926
2021	715,000	171,090	886,090	2022	85,545	2022	85,545
2022	760,000	133,196	893,196	2023	66,598	2023	66,598
2023	805,000	92,156	897,156	2024	46,078	2024	46,078
2024	855,000	47,880	902,880	2025	23,940	2025	23,940
	<u>\$ 8,000,000</u>	<u>\$ 4,387,468</u>	<u>\$ 12,387,468</u>		<u>\$ 2,193,734</u>		<u>\$ 2,193,734</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2009C

December 31, 2009

Date of Issue	June 29, 2009
Date of Maturity	December 1, 2029
Amount Issued	\$7,035,000
Denomination of Bond	\$5,000
Interest Rate	5.25% to 5.95%
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
2009	\$ -	\$ 400,275	\$ 400,275	2010	\$ 200,138	2010	\$ 200,137
2010	-	400,275	400,275	2011	200,138	2011	200,137
2011	-	400,275	400,275	2012	200,138	2012	200,137
2012	-	400,275	400,275	2013	200,138	2013	200,137
2013	-	400,275	400,275	2014	200,138	2014	200,137
2014	-	400,275	400,275	2015	200,138	2015	200,137
2015	-	400,275	400,275	2016	200,138	2016	200,137
2016	-	400,275	400,275	2017	200,138	2017	200,137
2017	-	400,275	400,275	2018	200,138	2018	200,137
2018	500,000	400,275	900,275	2019	200,138	2019	200,137
2019	520,000	374,025	894,025	2020	187,013	2020	187,012
2020	550,000	346,725	896,725	2021	173,363	2021	173,362
2021	575,000	316,475	891,475	2022	158,238	2022	158,237
2022	600,000	284,850	884,850	2023	142,425	2023	142,425
2023	625,000	251,250	876,250	2024	125,625	2024	125,625
2024	665,000	215,312	880,312	2025	107,656	2025	107,656
2025	700,000	177,075	877,075	2026	88,538	2026	88,537
2026	725,000	136,125	861,125	2027	68,063	2027	68,062
2027	775,000	93,713	868,713	2028	46,856	2028	46,857
2028	800,000	47,600	847,600	2029	23,800	2029	23,800
	\$ 7,035,000	\$ 6,245,900	\$ 13,280,900		\$ 3,122,957		\$ 3,122,943

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2009D

December 31, 2009

Date of Issue June 29, 2009
 Date of Maturity December 1, 2018
 Amount Issued \$2,510,000
 Denomination of Bond \$5,000
 Interest Rate 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
2009	\$ -	\$ 88,425	\$ 88,425	2010	\$ 44,213	2010	\$ 44,212
2010	-	88,425	88,425	2011	44,213	2011	44,212
2011	-	88,425	88,425	2012	44,213	2012	44,212
2012	385,000	88,425	473,425	2013	44,213	2013	44,212
2013	395,000	76,875	471,875	2014	38,438	2014	38,437
2014	410,000	65,025	475,025	2015	32,513	2015	32,512
2015	425,000	50,675	475,675	2016	25,338	2016	25,337
2016	440,000	35,800	475,800	2017	17,900	2017	17,900
2017	455,000	18,200	473,200	2018	9,100	2018	9,100
	<u>\$ 2,510,000</u>	<u>\$ 600,275</u>	<u>\$ 3,110,275</u>		<u>\$ 300,141</u>		<u>\$ 300,134</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2009E
BUILD AMERICA BONDS

December 31, 2009

Date of Issue	October 5, 2009
Date of Maturity	December 1, 2022
Amount Issued	\$8,500,000
Denomination of Bond	\$5,000
Interest Rate	4.15% to 4.85%
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
2009	\$ -	\$ 450,581	\$ 450,581	2010	\$ 255,618	2010	\$ 194,963
2010	-	389,926	389,926	2011	194,963	2011	194,963
2011	-	389,926	389,926	2012	194,963	2012	194,963
2012	-	389,926	389,926	2013	194,963	2013	194,963
2013	-	389,926	389,926	2014	194,963	2014	194,963
2014	-	389,926	389,926	2015	194,963	2015	194,963
2015	-	389,926	389,926	2016	194,963	2016	194,963
2016	750,000	389,926	1,139,926	2017	194,963	2017	194,963
2017	1,150,000	358,800	1,508,800	2018	179,400	2018	179,400
2018	1,250,000	309,350	1,559,350	2019	154,675	2019	154,675
2019	1,250,000	254,350	1,504,350	2020	127,175	2020	127,175
2020	2,000,000	196,850	2,196,850	2021	98,425	2021	98,425
2021	2,100,000	101,850	2,201,850	2022	50,925	2022	50,925
	<u>\$ 8,500,000</u>	<u>\$ 4,401,263</u>	<u>\$ 12,901,263</u>		<u>\$ 2,230,959</u>		<u>\$ 2,170,304</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

**LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2009F
BUILD AMERICA BONDS**

December 31, 2009

Date of Issue	October 5, 2009
Date of Maturity	December 1, 2029
Amount Issued	\$1,500,000
Denomination of Bond	\$5,000
Interest Rate	5.00% to 5.25%
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
2009	\$ -	\$ 89,556	\$ 89,556	2010	\$ 50,806	2010	\$ 38,750
2010	-	77,500	77,500	2011	38,750	2011	38,750
2011	-	77,500	77,500	2012	38,750	2012	38,750
2012	-	77,500	77,500	2013	38,750	2013	38,750
2013	-	77,500	77,500	2014	38,750	2014	38,750
2014	-	77,500	77,500	2015	38,750	2015	38,750
2015	-	77,500	77,500	2016	38,750	2016	38,750
2016	-	77,500	77,500	2017	38,750	2017	38,750
2017	-	77,500	77,500	2018	38,750	2018	38,750
2018	-	77,500	77,500	2019	38,750	2019	38,750
2019	-	77,500	77,500	2020	38,750	2020	38,750
2020	-	77,500	77,500	2021	38,750	2021	38,750
2021	-	77,500	77,500	2022	38,750	2022	38,750
2022	500,000	77,500	577,500	2023	38,750	2023	38,750
2023	500,000	52,500	552,500	2024	26,250	2024	26,250
2024	500,000	26,250	526,250	2025	13,125	2025	13,125
	<u>\$ 1,500,000</u>	<u>\$ 1,175,806</u>	<u>\$ 2,675,806</u>		<u>\$ 593,931</u>		<u>\$ 581,875</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2009G

December 31, 2009

Date of Issue October 5, 2009
 Date of Maturity December 1, 2015
 Amount Issued \$6,415,000
 Denomination of Bond \$5,000
 Interest Rate 2.25% to 3.75%
 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
2009	\$ 2,455,000	\$ 156,900	\$ 2,611,900	2010	\$ 78,450	2010	\$ 78,450
2010	2,310,000	101,662	2,411,662	2011	50,831	2011	50,831
2011	290,000	49,688	339,688	2012	24,844	2012	24,844
2012	295,000	43,162	338,162	2013	21,581	2013	21,581
2013	300,000	34,312	334,312	2014	17,156	2014	17,156
2014	675,000	25,312	700,312	2015	12,656	2015	12,656
	<u>\$ 6,325,000</u>	<u>\$ 411,036</u>	<u>\$ 6,736,036</u>		<u>\$ 205,518</u>		<u>\$ 205,518</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
LIMITED OBLIGATION REDEVELOPMENT NOTE SERIES 2006B

December 31, 2009

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>\$ 148,548</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.

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have been changed over time.	154-161
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	162-165
Debt Capacity These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	166-169
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	170-171
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	172-174

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 Seven Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007	2008	2009
GOVERNMENTAL ACTIVITIES							
Invested in capital assets							
net of related debt	\$ 13,245,415	\$ 101,812,134	\$ 100,693,938	\$ 105,405,740	\$ 92,401,441	\$ 101,570,852	\$ 133,517,262
Restricted	16,555,350	14,477,732	19,730,260	21,578,252	24,347,626	21,004,875	42,399,832
Unrestricted	(68,086,523)	988,732	15,647,897	14,979,825	35,686,515	24,652,055	(17,333,619)
TOTAL GOVERNMENTAL ACTIVITIES	\$ (38,285,758)	\$ 117,278,598	\$ 136,072,095	\$ 141,963,817	\$ 152,435,582	\$ 147,227,782	\$ 158,583,475
BUSINESS-TYPE ACTIVITIES							
Invested in capital assets							
net of related debt	\$ 38,317,989	\$ 37,852,794	\$ 26,012,558	\$ 37,479,931	\$ 32,624,663	\$ 38,558,066	\$ 38,891,700
Restricted	-	-	-	-	-	-	-
Unrestricted	5,080,603	4,153,291	17,342,996	5,306,733	14,999,979	12,593,058	11,648,072
TOTAL BUSINESS-TYPE ACTIVITES	\$ 43,398,592	\$ 42,006,085	\$ 43,355,554	\$ 42,786,664	\$ 47,624,642	\$ 51,151,124	\$ 50,539,772
PRIMARY GOVERNMENT							
Invested in capital assets							
net of related debt	\$ 51,563,404	\$ 139,664,928	\$ 126,706,496	\$ 142,885,671	\$ 125,026,104	\$ 140,128,918	\$ 172,408,962
Restricted	16,555,350	14,477,732	19,730,260	21,578,252	24,347,626	21,004,875	42,399,832
Unrestricted	(63,005,920)	5,142,023	32,990,893	20,286,558	50,686,494	37,245,113	(5,685,547)
TOTAL PRIMARY GOVERNMENT	\$ 5,112,834	\$ 159,284,683	\$ 179,427,649	\$ 184,750,481	\$ 200,060,224	\$ 198,378,906	\$ 209,123,247

Data Source

Audited Financial Statements

VILLAGE OF PALATINE, ILLINOIS

CHANGES IN NET ASSETS

Last Seven Fiscal Years

Fiscal Year	2003	2004	2005	2006
EXPENSES				
Governmental activities				
General government	\$ 14,030,449	\$ 7,296,867	\$ 6,932,885	\$ 7,346,275
Public safety	23,580,798	25,265,921	26,321,237	28,713,081
Public works	5,502,174	8,251,434	9,713,501	8,643,238
Economic development	2,465,912	7,870,270	3,743,670	9,779,022
Interest and fiscal charges	4,069,311	3,804,206	3,762,226	4,295,123
Total governemntal activities expenses	49,648,644	52,488,698	50,473,519	58,776,739
Business-type activities				
Water	5,589,517	6,214,408	5,862,991	5,692,588
Sewer	1,449,894	1,666,910	1,716,882	1,788,004
Parking system	1,076,518	1,283,080	1,348,318	1,395,069
Refuse collection	3,737,144	3,889,091	4,137,678	4,006,515
Total business-type activities expenses	11,853,073	13,053,489	13,065,869	12,882,176
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 61,501,717	\$ 65,542,187	\$ 63,539,388	\$ 71,658,915
PROGRAM REVENUES				
Governmental activities				
Charges for services				
General government	\$ 3,838,926	\$ 4,680,502	\$ 4,369,604	\$ 4,379,572
Public safety	1,320,488	2,016,434	2,231,093	2,518,276
Other activities	183,702	222,263	194,548	263,374
Operating grants and contributions	2,317,615	2,141,380	2,282,683	2,244,660
Capital grants and contributions	665,597	386,201	461,311	479,231
Total governmental activities program revenues	8,326,328	9,446,780	9,539,239	9,885,113
Business-type activities				
Charges for services				
Water	5,277,097	5,579,599	6,329,850	5,934,839
Sewer	2,028,924	2,072,020	2,169,364	2,257,277
Parking system	573,827	562,039	607,332	621,311
Refuse collection	3,992,404	3,949,680	4,043,296	4,083,059
Capital grants and contributions	150,000	70,000	-	-
Total business-type activities program revenues	12,022,252	12,233,338	13,149,842	12,896,486
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 20,348,580	\$ 21,610,118	\$ 22,689,081	\$ 22,781,599
NET (EXPENSE) REVENUES				
Governmental activities	\$ (41,322,316)	\$ (43,041,918)	\$ (40,934,280)	\$ (48,891,626)
Business-type activities	169,179	(820,151)	83,973	14,310
TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE	\$ (41,303,137)	\$ (43,862,069)	\$ (40,850,307)	\$ (48,877,316)

	2007	2008	2009
\$ 9,008,572	\$ 9,191,571	\$ 6,025,954	
29,416,464	31,825,692	34,640,294	
9,080,835	13,227,490	12,267,758	
5,943,316	17,188,453	1,539,146	
4,340,856	3,710,426	3,411,066	
<hr/>	<hr/>	<hr/>	
57,790,043	75,143,632	57,884,218	
<hr/>	<hr/>	<hr/>	
5,876,757	6,354,122	6,188,396	
2,468,787	3,904,841	3,391,245	
1,535,188	1,566,202	1,431,482	
4,178,546	4,279,643	4,227,437	
<hr/>	<hr/>	<hr/>	
14,059,278	16,104,808	15,238,560	
<hr/>	<hr/>	<hr/>	
\$ 71,849,321	\$ 91,248,440	\$ 73,122,778	
<hr/>	<hr/>	<hr/>	
\$ 4,135,624	\$ 4,024,203	\$ 4,192,225	
2,810,527	2,864,677	3,750,916	
252,771	231,618	259,356	
2,248,482	2,016,108	2,262,495	
880,338	6,342,160	1,592,266	
<hr/>	<hr/>	<hr/>	
10,327,742	15,478,766	12,057,258	
<hr/>	<hr/>	<hr/>	
6,471,798	6,161,045	6,417,950	
2,681,760	2,823,386	3,128,333	
629,866	663,178	630,319	
4,403,667	4,662,852	4,414,604	
-	-	4,271	
<hr/>	<hr/>	<hr/>	
14,187,091	14,310,461	14,595,477	
<hr/>	<hr/>	<hr/>	
\$ 24,514,833	\$ 29,789,227	\$ 26,652,735	
<hr/>	<hr/>	<hr/>	
\$ (47,462,301)	\$ (59,664,866)	\$ (45,826,960)	
127,813	(1,794,347)	(643,083)	
<hr/>	<hr/>	<hr/>	
\$ (47,334,488)	\$ (61,459,213)	\$ (46,470,043)	
<hr/>	<hr/>	<hr/>	

VILLAGE OF PALATINE, ILLINOIS

CHANGES IN NET ASSETS (Continued)

Last Seven Fiscal Years

Fiscal Year	2003	2004	2005	2006
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS				
Governmental activities				
Taxes				
Property and replacement	\$ 20,579,767	\$ 22,567,392	\$ 25,279,383	\$ 29,044,078
Sales	9,009,385	11,743,223	12,503,160	12,723,171
Use	591,093	692,011	771,761	864,346
Telecommunications	1,888,270	2,011,046	2,125,860	2,378,621
Income	4,057,697	4,189,384	4,919,232	5,403,355
Hotel/motel	271,047	263,437	284,961	334,913
Food and beverage	-	925,786	1,017,298	1,047,248
Other	54,755	63,178	58,995	56,281
Investment income	884,162	452,726	824,104	1,928,010
Miscellaneous	313,933	1,034,092	208,006	248,570
Gain on sale of capital assets	2,895,511	-	72,191	-
Special item	(900,000)	-	-	-
Transfers	2,190,650	762,795	(1,192,800)	754,755
Total governmental activities	41,836,270	44,705,070	46,872,151	54,783,348
Business-type activities				
Investment income	40,366	42,908	101,978	238,653
Income (loss) from joint venture	66,974	49,581	(40,927)	(89,098)
Gain on sale of capital assets	146,470	97,950	11,645	22,000
Transfers	(2,190,650)	(762,795)	1,192,800	(754,755)
Total business-type activities	(1,936,840)	(572,356)	1,265,496	(583,200)
TOTAL PRIMARY GOVERNMENT	\$ 39,899,430	\$ 44,132,714	\$ 48,137,647	\$ 54,200,148
CHANGE IN NET ASSETS				
Governmental activities	513,954	1,663,152	\$ (2,019,475)	\$ 5,891,722
Business-type activities	(1,767,661)	(1,392,507)	1,279,806	(568,890)
TOTAL PRIMARY GOVERNMENT	\$ (1,253,707)	\$ 270,645	\$ (739,669)	\$ 5,322,832
CHANGE IN NET ASSETS				

Data Source

Audited Financial Statements

	2007	2008	2009
\$ 30,267,938	\$ 33,826,733	\$ 34,470,637	
13,059,102	12,554,739	11,063,069	
889,392	956,775	834,769	
2,987,002	2,870,797	2,834,118	
5,863,302	6,270,922	5,476,622	
-	-	-	
1,029,233	1,062,201	1,045,860	
420,513	405,705	240,351	
2,211,847	1,081,574	400,701	
214,546	326,910	403,633	
231,191	171,738	50,333	
-	-	-	
<u>760,000</u>	<u>-</u>	<u>-</u>	
<u>57,934,066</u>	<u>59,528,094</u>	<u>56,820,093</u>	
291,401	150,061	31,731	
221,989	294,123	-	
-	-	-	
<u>(760,000)</u>	<u>-</u>	<u>-</u>	
<u>(246,610)</u>	<u>444,184</u>	<u>31,731</u>	
<u>\$ 57,687,456</u>	<u>\$ 59,972,278</u>	<u>\$ 56,851,824</u>	
<u>\$ 10,471,765</u>	<u>\$ (136,772)</u>	<u>\$ 10,993,133</u>	
<u>(118,797)</u>	<u>(1,350,163)</u>	<u>(611,352)</u>	
<u>\$ 10,352,968</u>	<u>\$ (1,486,935)</u>	<u>\$ 10,381,781</u>	

VILLAGE OF PALATINE, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
GENERAL FUND										
Reserved	\$ 1,307,906	\$ 1,275,091	\$ 1,383,209	\$ 21,885	\$ 25,965	\$ 26,470	\$ 5,042,920	\$ 5,287,920	\$ 5,536,201	\$ 5,898,008
Unreserved	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	10,608,020
TOTAL GENERAL FUND	\$ 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	\$ 16,506,028
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	\$ 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	\$ 42,712,889
Unreserved, reported in										
Special Revenue Funds	6,031,271	1,510,336	(279,188)	(2,426,919)	-	-	(5,267,911)	852,177	(1,874,180)	-
Capital Project Funds	4,356,059	15,043,209	8,568,070	4,454,190	-	-	-	-	-	(106,775)
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 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	\$ 42,606,114

Data Source

Audited Financial Statements

VILLAGE OF PALATINE, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
REVENUES										
Taxes	\$ 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	\$ 50,488,804
Licenses and permits	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	3,081,984
Intergovernmental	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	9,374,441
Fines and forfeitures	774,611	767,792	707,736	1,091,158	716,827	741,524	885,018	893,496	1,061,999	1,948,079
Charges for services	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	1,845,422
Investment income	1,538,454	970,729	1,068,113	633,457	452,727	824,104	1,928,007	2,211,847	1,081,573	404,698
Contributions	-	-	-	-	-	-	-	-	6,165,959	1,000,000
Miscellaneous	1,808,166	433,489	631,708	561,739	1,509,635	486,533	547,182	395,666	425,003	683,590
Total revenues	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	68,827,018
EXPENDITURES										
General government	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	8,507,772
Public safety	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	31,678,221
Public works	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	8,370,752
Health	515,201	545,794	619,770	-	-	-	-	-	-	-
Retirement systems	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	1,504,577
Capital outlay	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	15,945,994
Debt service										
Principal	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	12,649,263
Interest	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	3,964,551
Other charges	-	-	-	-	-	9,373	-	153,978	-	294,487
Total expenditures	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	82,915,617
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES										
	(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)	(14,088,599)

Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
OTHER FINANCING SOURCES (USES)										
Transfers in	\$ 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)	(4,355,514)	(5,607,677)	(3,568,847)	(2,778,585)	(1,633,760)	(2,746,330)	(4,149,105)	(2,616,733)	-	(84,456)
Discount on bonds issued	-	-	-	-	(76,534)	-	-	(43,459)	-	-
Premium on bonds issued	-	-	-	-	109,363	17,014	-	12,490	-	152,558
Bonds issued at par	9,380,000	17,770,000	10,000,000	7,194,920	19,707,949	645,200	4,027,100	18,800,000	-	33,340,315
Payment to bond escrow agent	-	-	-	(6,100,499)	(6,858,647)	(653,227)	-	-	-	(4,678,260)
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	88,594
Total other financing sources (uses)	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	28,818,751
NET CHANGE IN FUND BALANCES	<u>\$18,770,601</u>	<u>\$ 9,349,726</u>	<u>\$ (9,349,856)</u>	<u>\$ (4,443,696)</u>	<u>\$ 4,597,881</u>	<u>\$ 2,026,235</u>	<u>\$ 4,929,143</u>	<u>\$ 19,707,150</u>	<u>\$ (16,509,722)</u>	<u>\$ 14,730,152</u>
Debt service as a percentage of noncapital expenditures	55.23%	16.96%	17.41%	16.41%	22.40%	15.60%	16.03%	20.02%	19.86%	23.63%

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
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	1,264,709,569	393,756,607	156,269,545	NA	1,814,735,721	1.0520	5,444,207,163
2006	1,325,694,362	365,482,193	150,517,156	NA	1,841,693,711	1.0750	5,525,081,133
2007	1,584,575,631	415,869,705	179,266,208	NA	2,179,711,544	0.9500	6,539,134,632
2008	NA	NA	NA	NA	2,328,686,350	0.9140	6,986,059,050

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	2008
TAX RATES											
Village											
Village of Palatine	1.230	1.226	1.291	1.136	1.134	1.186	1.084	1.052	1.075	0.950	0.914
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	2.385
Junior College #512	0.277	0.270	0.347	0.308	0.295	0.310	0.279	0.281	0.288	0.260	0.256
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	1.928
Park District	0.483	0.481	0.505	0.455	0.422	0.482	0.437	0.422	0.448	0.406	0.419
Library District	0.359	0.361	0.381	0.322	0.310	0.315	0.280	0.271	0.280	0.246	0.240
County											
Hospital	0.238	0.236	0.219	0.201	0.156	0.141	0.122	0.112	0.112	0.093	0.086
County of Cook	0.673	0.619	0.605	0.545	0.534	0.489	0.471	0.421	0.267	0.353	0.329
Forest Preserve	0.072	0.070	0.069	0.067	0.061	0.059	0.060	0.060	0.057	0.053	0.051
Township											
Palatine Township	0.057	0.052	0.050	0.042	0.041	0.042	0.038	0.037	0.039	0.035	0.035
General Assistance	0.011	0.010	0.009	0.008	0.008	0.009	0.008	0.008	0.009	0.008	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	0.063
Other Districts											
Special Service Area #2	0.647	0.590	0.565	0.140	0.000	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	0.129
Special Service Area #5 *	-	-	-	-	-	-	-	-	-	-	3.497
Suburban T.B. Sanitarium	0.008	0.008	0.008	0.007	0.006	0.004	0.001	0.005	0.005	0.000	0.000
Northwest Mosquito	0.010	0.010	0.011	0.010	0.009	0.010	0.009	0.009	0.009	0.008	0.008
Sanitary District	0.444	0.419	0.415	0.401	0.371	0.361	0.347	0.315	0.284	0.263	0.252
Elections (ELCO)	0.000	0.023	0.000	0.032	0.000	0.029	0.000	0.014	0.000	0.012	0.000
TOTAL TAX RATES	10.996	10.764	11.028	9.438	8.896	9.210	8.469	8.287	8.031	7.308	10.600
SHARE OF TOTAL TAX LEVIED											
BY THE VILLAGE	11.19%	11.39%	11.71%	12.04%	12.75%	12.88%	12.80%	12.69%	13.39%	13.00%	8.62%

* Special Service Area #5 was created in tax year 2008, so tax rate information is not available for prior years.

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2009			2000			Percentage of Total Village Taxable Assessed Valuation
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank		
PFC Marquette Company	\$ 22,836,150	1	1.00%		N/A	N/A	N/A
Individual Taxpayer	22,077,466	2	0.90%		N/A	N/A	N/A
Brookind Corp.	19,016,955	3	0.80%	\$ 12,273,591	2	1.10%	
MidAmerica Asset Management	18,581,221	4	0.80%	11,420,445	3	1.00%	
Wal-Mart	16,807,605	5	0.70%		N/A	N/A	N/A
Village Park Palatine 300	16,630,487	6	0.70%	7,953,528	5	0.70%	
Individual Taxpayer	14,290,475	7	0.60%		N/A	N/A	N/A
Regency Retail LLC	13,155,441	8	0.60%	5,770,957	8	0.50%	
Hamilton Partners	10,779,405	9	0.50%		N/A	N/A	N/A
Square D Company	10,591,378	10	0.50%	8,316,026	4	0.80%	
Infinity Management Co. Inc.		N/A	N/A	N/A	12,372,288	1	1.10%
American National Bank		N/A	N/A	N/A	7,410,417	6	0.70%
W & M Prop. Foxfire		N/A	N/A	N/A	6,237,524	7	0.60%
Washington Capital		N/A	N/A	N/A	5,207,698	9	0.50%
Highland Management		N/A	N/A	4,746,596	10	0.40%	
	<u>\$ 164,766,583</u>		<u>7.10%</u>	<u>\$ 81,709,070</u>			<u>7.40%</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
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%	1,309,170	17,010,610	97.31%
2008	18,103,235	17,092,332	94.42%	-	17,092,332	94.42%

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		Percentage		
	General Obligation Bonds	TIF Revenue Bonds	Tax Increment Notes	Installment Contracts	General Obligation Bonds	Total Primary Government	of Personal Income*	Per Capita*		
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		
2009	83,303,077	-	148,548	-	21,349,916	104,801,541	5.19%	1,590		

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 170 for personal income and population data.

VILLAGE OF PALATINE, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available			Total	Actual Taxable Value of Property*	Percentage of Estimated Actual Taxable Value of Property*	Per Capita
		In Debt	Service Fund	Total				
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		
2009	83,303,077	2,190,803	81,112,274		3.48%	1,230.47		

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.

VILLAGE OF PALATINE, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2009

Governmental Unit	Gross Debt	Percentage Debt Applicable to the Village of Palatine (1)	Village of Palatine Share of Debt
Village of Palatine	\$ 108,179,704	100.00%	\$ 108,179,704
<u>School Districts</u>			
Palatine Community District No. 15	37,862,582	50.27%	19,033,520
Township High School District No. 211	41,820,000	22.88%	9,568,416
Township High School District No. 214	31,670,000	0.02%	6,334
Harper Community College	201,650,000	9.23%	18,612,295
Total schools	<u>313,002,582</u>		<u>47,220,565</u>
<u>Other than Schools</u>			
Cook County	2,897,975,000	1.37%	39,702,258
Cook County Forest Preserve District	115,105,000	1.37%	1,576,939
Metropolitan Water Reclamation District	1,388,115,584	1.40%	19,433,618
<u>Park Districts</u>			
Arlington Heights Park District	26,194,431	0.06%	15,717
Palatine Park District	12,345,000	75.95%	9,376,028
Salt Creek Park District	5,180,000	47.14%	2,441,852
Palatine Public Library District	3,270,000	77.41%	2,531,307
Total other than schools	<u>4,448,185,015</u>		<u>75,077,717</u>
	<u>4,761,187,597</u>		<u>122,298,282</u>
	<u>\$ 4,869,367,301</u>		<u>\$ 230,477,986</u>

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

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

December 31, 2009

The Village is a home rule municipality.

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

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

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

VILLAGE OF PALATINE, ILLINOIS
 DEMOGRAPHIC AND ECONOMIC INFORMATION
 Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
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%
2009	65,920	2,021,173,120	30,661	8.0%

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

2009				2000			
Employer	Rank	Approx. No. of Employees	Percent of Total Village Population	Employer	Rank	Approx. No. of Employees	Percent of Total Village Population
William Rainey Harper College	1	816	1.24%	United States Postal Service	1	2,000	3.23%
Little City Foundation	2	500	0.76%	United Parcel Service	2	1,500	2.42%
DiMucci Construction Co.	3	350	0.53%	Palatine Comm. School District 15	3	1,100	1.77%
Schneider Electric, N.A.	4	350	0.53%	Township High School District 211	4	667	1.08%
Weber-Stephen Products Co.	5	200	0.30%	William Rainey Harper College	5	640	1.03%
Arlington Plating Co.	6	150	0.23%	Square D Company	6	350	0.56%
The Intec Group, Inc.	7	150	0.23%	Village of Palatine	7	340	0.55%
Brandt Industries, Inc.	8	125	0.19%	Arlington Plating	8	165	0.27%
Imperial Woodworking Co.	9	125	0.19%	The Intec Group, Inc.	9	145	0.23%
Harris Bank N.A.	10	105	0.16%	Overnight Transportation	10	120	0.19%

Data Source

2009 Illinois Manufacturers Directory, 2009 Illinois Services Directory and Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
GENERAL GOVERNMENT										
Administration	12.0	12.0	12.0	12.0	12.0	10.0	11.0	9.5	8.5	8.5
Administrative services	-	-	-	-	-	1.5	1.0	2.5	3.5	3.0
Village Clerk	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0
Finance	19.0	19.0	19.0	19.0	17.0	17.0	18.0	18.0	18.0	17.0
Information systems	6.5	6.5	9.5	9.5	7.5	8.0	8.0	8.5	8.5	10.0
Community services	20.0	19.5	19.5	20.5	18.0	19.0	19.0	20.0	21.0	19.5
Planning/zoning	6.5	5.5	5.5	5.5	4.5	5.5	5.0	5.0	5.0	5.0
PUBLIC SAFETY										
Police										
Officers	110.0	111.0	111.0	110.0	106.0	107.0	109.0	110.0	112.0	112.0
Civilians	38.5	38.5	38.5	38.0	33.0	33.0	33.0	34.0	34.5	35.0
Fire										
Firefighters and officers	96.0	96.0	96.0	96.0	95.0	95.0	95.0	95.0	95.0	95.0
Civilians	11.5	12.5	12.0	12.5	9.5	11.0	11.0	11.0	11.0	11.0
PUBLIC WORKS	66.0	69.0	69.5	65.0	59.0	57.5	58.5	58.5	58.5	58.5
ENGINEERING	5.5	5.5	8.0	7.5	6.5	6.5	6.5	6.5	7.0	6.5

Data Source

Village budget office

VILLAGE OF PALATINE, ILLINOIS

OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
PUBLIC SAFETY										
Police										
Physical arrests	2,617	2,617	2,617	2,617	4,087	6,758	N/A	2,417	2,162	2,308
Parking violations	10,752	10,752	10,752	10,752	13,766	7,274	N/A	631	7,388	7,315
Traffic violations	14,937	14,937	14,937	14,937	10,264	19,199	N/A	5,415	2,214	11,473
Fire										
Emergency responses	6,752	6,752	6,752	6,752	6,277	6,568	6,891	7,401	7,257	7,020
WATER										
Number of connections	17,500	17,500	17,500	17,500	17,500	17,500	17,500	19,597	19,464	19,658
Average daily consumption	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	6,438,027

Data Source

Various Village departments

VILLAGE OF PALATINE, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
PUBLIC SAFETY										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	16	16	20	20	22	28	NA	32	26	25
Fire										
Fire stations	5	5	5	5	5	5	5	5	5	5
Fire engines	7	7	7	7	7	7	7	5	7	7
PUBLIC WORKS										
Streets (miles)	160	160	160	160	160	160	160	160	160	160
Number of bridges	5	6	6	6	6	6	6	6	6	6
Storm sewers (miles)	200	200	200	200	220	220	220	220	221	225
WATER										
Water mains (miles)	200	200	200	200	200	200	200	140*	140	156
Fire hydrants	2,500	2,500	2,500	2,500	2,500	3,200	N/A	2,052*	2,050	2,061
WASTEWATER										
Sanitary sewers (miles)	200	200	200	200	200	200	200	145*	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, 2009

	Amount Applicable as of June 26,2009	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	\$ 108,179,704	4.96%	1.65%	\$ 1,641.08
Self-supporting	87,679,650	4.02%	1.34%	1,330.09
Total direct bonded debt	\$ 195,859,354	8.99%	3.00%	\$ 2,971.17
Overlapping bonded debt payable from property taxes (2):				
Schools	\$ 47,220,565	2.17%	0.72%	\$ 716.33
Other than schools	75,077,719	3.44%	1.15%	1,138.92
Total overlapping bonded debt	\$ 122,298,284	5.61%	1.87%	\$ 1,855.25
Total direct and overlapping bonded debt	\$ 318,157,638	14.60%	4.87%	\$ 4,826.42
Total direct and overlapping excl. self-supporting	\$ 230,477,988	10.57%	3.52%	\$ 3,496.33

Notes:

1. The Village is a home-rule unit under the 1970 Illinois Constitution and as such has no debt limit nor its 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 June 26, 2009.

VILLAGE OF PALATINE, ILLINOIS

Disclosures Required by SEC Rule 15c2-12
Retirement Schedule of Outstanding Village General Obligation Debt
December 31, 2009

Due 12/1	Principal Maturities (1)													Total Maturities (2)	
	Taxable														
	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	Series 2009	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	100,000	6,829,582	6.4%
2010	-	275,000	2,055,000	120,000	1,390,000	-	430,000	1,033,350	540,000	5,000	975,000	145,000	2,515,000	6,968,350	6.5%
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	2,425,000	7,342,249	6.9%
2012	-	590,000	-	125,000	2,015,000	-	470,000	1,131,281	2,410,000	5,000	1,060,000	160,000	350,000	8,011,281	7.5%
2013	-	435,000	-	135,000	2,115,000	-	490,000	350,452	1,060,000	830,000	1,110,000	170,000	1,160,000	7,550,452	7.1%
2014	317,473	310,000	-	140,000	2,215,000	-	510,000	-	1,135,000	-	1,160,000	175,000	1,205,000	6,857,473	6.4%
2015	523,137	690,000	-	375,000	2,860,000	-	535,000	-	1,200,000	-	1,305,000	185,000	1,620,000	8,608,137	8.1%
2016	302,180	-	-	-	1,880,000	-	560,000	-	1,215,000	-	1,360,000	195,000	980,000	6,492,180	6.1%
2017	-	-	-	-	-	-	585,000	-	1,285,000	-	1,485,000	205,000	1,780,000	5,340,000	5.0%
2018	-	-	-	-	-	-	610,000	-	1,150,000	-	1,195,000	215,000	2,225,000	5,395,000	5.1%
2019	-	-	-	-	-	-	640,000	-	1,195,000	-	1,255,000	225,000	2,410,000	5,725,000	5.4%
2020	-	-	-	-	-	-	675,000	-	1,265,000	-	1,315,000	235,000	2,465,000	5,955,000	5.6%
2021	-	-	-	-	-	-	705,000	-	610,000	-	1,390,000	250,000	3,285,000	6,240,000	5.9%
2022	-	-	-	-	-	-	740,000	-	645,000	-	1,345,000	260,000	3,455,000	6,445,000	6.0%
2023	-	-	-	-	-	-	-	-	-	-	700,000	275,000	1,930,000	2,405,000	2.3%
2024	-	-	-	-	-	-	-	-	-	-	740,000	290,000	2,000,000	2,530,000	2.4%
2025	-	-	-	-	-	-	-	-	-	-	780,000	305,000	2,095,000	2,680,000	2.5%
2026	-	-	-	-	-	-	-	-	-	-	820,000	320,000	780,000	1,920,000	1.8%
2027	-	-	-	-	-	-	-	-	-	-	-	340,000	805,000	1,145,000	1.1%
2028	-	-	-	-	-	-	-	-	-	-	-	355,000	860,000	1,215,000	1.1%
2029	-	-	-	-	-	-	-	-	-	-	-	-	890,000	890,000	0.8%
	\$ 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	\$ 35,335,000	\$ 106,544,704	100.0%

Notes:

1. The Village is a home rule unit under the 1970 Illinois Constitution and as such has no debt limit, nor is it required to seek referendum approval for the issuance of general obligation debt. This table excludes the outstanding principal of the Village's Special Service Area Bonds (shown as overlapping debt): \$6,000,000 principal outstanding (as of December 31, 2009) 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 \$108,179,704 principal outstanding at December 31, 2009, the Village estimates that \$87,679,650 (81.04%) 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, 2009

Village Issue		Ratio to Estimated Actual Value (1)				Per Capita (1)		
		Direct Debt		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)	Population Estimate
Sale Date	Amount							
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
Apr 13, 2009 (2)	9,190,000	1.35%	0.26%	3.09%	2.00%	3,067.78	1,984.15	65,920
Jun 15, 2009 (2)	9,545,000	1.50%	0.41%	3.24%	2.15%	3,212.61	2,128.98	65,920
Sept 15, 2009 (3)	16,600,000	1.65%	0.31%	3.52%	2.18%	3,496.33	2,166.24	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, 2009

Governmental Unit	Percent of Village's 2007 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		Percent	Amount
School Districts				
Palatine C. C. S. D. #15	100.0%	\$ 37,862,582	50.270%	\$ 19,033,520
Township H. S. D. #211	99.9%	41,820,000	22.880%	9,568,416
Township H. S. D. #214	0.1%	31,670,000	0.020%	6,334
Harper Junior College #512	100.0%	201,650,000	9.230%	18,612,295
Total School Districts				\$ 47,220,565
Other Than School Districts				
Cook County and				
Forest Preserve District	100.0%	3,013,080,000	1.370%	41,279,196
Sanitary District	100.0%	1,388,115,584	1.400%	19,433,618
Park Districts				
Palatine	94.2%	12,345,000	75.950%	9,376,028
Arlington Heights	0.1%	26,194,431	0.060%	15,717
Salt Creek	5.7%	5,180,000	47.140%	2,441,852
Palatine Public Library District	99.9%	3,270,000	77.410%	2,531,307
Total Other Than School Districts				\$ 75,077,718

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, 2009

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%
2008	2,328,686,350	194,197,517	2,522,883,867	7.2%

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, 2009

	2003	2004	2005	2006	2007	2008
Village of Palatine (1):						
Corporate	\$ 0.249	\$ 0.229	\$ 0.220	\$ 0.227	\$ 0.220	\$ 0.308
Bonds and interest	0.242	0.195	0.181	0.164	0.120	0.116
Pensions (Police, Fire, IMRF and Soc. Sec.)	0.286	0.275	0.281	0.314	0.294	0.189
Fire Protection	0.409	0.385	0.370	0.370	0.316	0.301
Water and sewerage	-	-	-	-	-	-
Toal Village of Palatine	1.186	1.084	1.052	1.075	0.950	0.914
Cook County	0.630	0.593	0.533	0.379	0.446	0.415
Cook County Forest Preserve	0.059	0.060	0.060	0.057	0.053	0.051
Sanitary District	0.361	0.347	0.315	0.284	0.263	0.252
Northwest Mosquito Abatement District	0.010	0.009	0.009	0.009	0.008	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	0.482	0.437	0.422	0.448	0.406	0.419
Palatine Library District	0.315	0.280	0.271	0.280	0.246	0.240
Palatine C. C. S. D. #15	3.313	2.925	2.840	2.673	2.435	2.385
Junior College #512	0.310	0.279	0.281	0.288	0.260	0.256
Township H. S. D. #211	2.165	2.158	2.191	2.261	1.972	1.928
Township and all other	0.346	0.296	0.294	0.272	0.257	3.732
Total (2)	\$ 9.210	\$ 8.469	\$ 8.287	\$ 8.031	\$ 7.308	\$ 10.600
Village rate as a percent of total	12.9%	12.8%	12.7%	13.4%	13.0%	8.6%

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, 2009

Levy Year	Collection Year	Total Taxes		Total Taxes Collected	
		Extended	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	21,282,714	20,401,896	95.86%	
2009	2010	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, 2009

Property Classification	2003	2004	2005	2006	2007	2008
Residential	\$ 963,534,181	\$ 1,138,490,510	\$ 1,264,709,389	\$ 1,325,694,182	\$ 1,584,575,451	NA
Commercial	345,997,963	394,146,124	393,756,607	365,482,193	415,869,705	NA
Industrial	128,678,367	145,428,977	155,849,317	150,098,216	178,806,539	NA
Railroad	395,865	445,859	420,228	418,940	459,669	NA
Farm	5,175	180	180	180	180	NA
Net for Gen'l Taxing Purposes	\$ 1,438,611,551	\$ 1,678,511,650	\$ 1,814,735,721	\$ 1,841,693,711	\$ 2,179,711,544	\$ 2,328,686,350
Incremental Valuation (2)	62,457,767	100,006,109	119,993,338	129,880,581	173,156,610	194,197,517
Total for all Taxing Purposes	\$ 1,501,069,318	\$ 1,778,517,759	\$ 1,934,729,059	\$ 1,971,574,292	\$ 2,352,868,154	\$ 2,522,883,867
Percentage Increase	1.4%	18.5%	8.8%	1.9%	19.3%	7.2%

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, 2009

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	0.9%
3	Brookind Corp.	United Parcel Service	19,016,955	0.8%
4	MidAmerica Asset Management	Shopping Center	18,581,221	0.8%
5	Wal-Mart	Retail Store	16,807,605	0.7%
6	Village Park Palatine 300	Apartments	16,630,487	0.7%
7	Individual Taxpayer	Apartments	14,290,475	0.6%
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			<hr/> \$ 164,766,583	<hr/> 7.1%

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, 2009

Summary Statement of Revenue, Expenditures and Changes in Fund Balance

	2005	2006	2007	2008	2009	Dec. 31, 2010 Budget (2)
Revenue (3):						
Taxes						
Property taxes	\$ 15,362,641	\$ 16,169,543	\$ 16,895,147	\$ 18,327,602	\$ 18,500,462	\$ 19,597,520
Sales tax	12,503,160	12,723,170	13,059,102	12,554,739	11,063,069	12,565,500
Other taxes	2,181,131	2,359,091	2,476,029	2,551,460	2,232,469	2,413,200
Licenses and permits	3,121,288	3,242,695	3,061,764	3,088,823	3,081,984	3,340,100
Intergovernmental						
State income tax	4,919,232	5,403,355	5,863,302	6,270,922	5,472,627	5,636,800
Other	868,098	1,187,414	1,220,054	1,266,140	1,277,919	1,237,765
Charges for services	1,950,734	1,768,571	2,056,012	1,768,547	1,812,561	1,613,200
Fines and forfeits	741,524	885,018	893,496	1,061,999	1,856,800	1,677,700
Interest income	348,592	1,137,974	938,749	248,593	307,689	150,000
Transfers-in	93,530	600,475	-	484,918	-	-
All other revenues	338,619	371,053	163,617	182,944	354,154	192,100
Total revenues	42,428,549	45,848,359	46,627,272	47,806,687	45,959,734	48,423,885
Expenditures						
General Government						
Finance/Data Proc.	1,862,200	1,969,941	2,059,438	2,385,516	2,551,036	2,584,495
Community Services	1,989,349	1,652,076	1,808,160	1,882,177	1,939,495	1,805,235
Insurance	1,329,771	1,653,535	1,995,842	1,555,000	1,187,125	1,337,125
All Other	1,526,531	3,044,804	2,743,328	4,294,070	2,830,116	3,298,980
Total General Gov't	6,707,851	8,320,356	8,606,768	10,116,763	8,507,772	9,025,835
Public Safety						
Police	14,413,178	15,213,534	16,014,152	17,704,489	17,840,150	18,910,490
Fire	11,227,276	12,172,595	13,040,174	13,943,358	13,838,071	14,625,270
Total Public Safety	25,640,454	27,386,129	29,054,326	31,647,847	31,678,221	33,535,760
Public Works	4,710,929	4,657,122	5,653,227	6,345,958	6,360,644	6,273,815
Transfers-out	1,400,000	4,149,105	2,616,733	1,638,000	84,456	284,980
Total Expenditures	38,459,234	44,512,712	45,931,054	49,748,568	46,631,093	49,120,390
Revenues over (under) expenditures	3,969,315	1,335,647	696,218	(1,941,881)	(671,359)	(696,505)
Adjustments to fund balance						
Fund balance-ending	16,312,135	17,647,782	18,344,000	16,402,119	15,730,760	

(Continued)

VILLAGE OF PALATINE, ILLINOIS

Disclosures Required by SEC Rule 15c2-12
General Fund
December 31, 2009

Balance Sheet

	2005	2006	2007	2007	2008	2009
Assets:						
Cash and investments	\$ 15,123,023	\$ 11,622,670	\$ 12,788,481	\$ 12,788,481	\$ 13,300,690	\$ 8,684,369
Receivables:						
Property tax	15,645,500	16,607,585	19,283,541	19,283,541	18,394,293	19,008,383
All other	541,668	751,540	856,853	856,853	472,583	492,897
Prepaid items	26,470	-	4,793	4,793	-	116,643
Due from other governments	3,433,314	3,058,700	3,286,734	3,286,734	3,221,289	3,714,502
Due from other funds	219,252	5,042,920	5,287,920	5,287,920	5,287,920	5,855,238
All other assets	-	-	-	-	-	3,445
Total assets	\$ 34,989,227	\$ 37,083,415	\$ 41,508,322	\$ 41,508,322	\$ 40,676,775	\$ 37,875,477
Liabilities and Fund Balance						
Accounts payable	\$ 212,728	\$ 266,919	\$ 819,796	\$ 819,796	\$ 820,624	\$ 344,057
Deferred revenues	16,090,618	17,016,788	17,921,800	17,921,800	18,394,293	18,494,720
All other liabilities	2,373,746	2,151,926	4,422,726	4,422,726	4,837,521	2,530,672
Total liabilities	18,677,092	19,435,633	23,164,322	23,164,322	24,052,438	21,369,449
Fund Balance						
Reserved	26,470	5,042,920	5,287,920	5,287,920	1,750,000	5,898,008
Unreserved	16,285,665	12,604,862	13,056,080	13,056,080	16,593,999	10,608,020
Total fund balance	16,312,135	17,647,782	18,344,000	18,344,000	18,343,999	16,506,028
Total liabilities and fund balance	\$ 34,989,227	\$ 37,083,415	\$ 41,508,322	\$ 41,508,322	\$ 42,396,437	\$ 37,875,477

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, 2009

Fund Balances 2005 - 2009

	2005	2006	2007	2008	2009
Governmental Fund Types					
General	\$ 16,312,135	\$ 17,647,782	\$ 18,344,000	\$ 17,177,387	\$ 16,506,028
Special Revenue					
Motor Fuel Tax	353,229	262,620	320,875	328,387	162,852
Comm. Dev. Blk Grnt	-	-	-	-	-
Downtown TIF	3,749,848	(731,475)	6,641,163	4,897,150	14,151,572
Rand Rd Corridor TIF	3,661,519	5,175,681	13,510,765	1,154,523	11,202,740
Federal Equitable Sharing	-	-	-	-	67,118
State Equitable Sharing	-	-	-	-	45,825
DUI Fines	-	-	-	-	62,844
Foreign Fire Tax	-	-	-	-	95,305
Com. Dev. Blk Recovery Grant	-	-	-	-	-
Energy Efficiency & Cons Grant	-	-	-	-	10,000
Total Special Revenue	<u>7,764,596</u>	<u>4,706,826</u>	<u>20,472,803</u>	<u>6,380,060</u>	<u>25,798,256</u>
Debt Service	10,409,015	12,617,668	14,842,673	10,690,591	6,861,017
Capital Projects	1,685,217	6,127,830	7,147,780	10,049,496	9,946,841
Total Governmental	<u>36,170,963</u>	<u>41,100,106</u>	<u>60,807,256</u>	<u>44,297,534</u>	<u>59,112,142</u>
Proprietary Fund Types (2):					
Enterprise Funds					
Waterworks	14,575,540	14,775,520	16,816,745	16,965,702	17,197,131
Sewerage	11,827,844	11,665,501	15,042,009	18,886,868	18,652,727
Motor Veh Pkg Syst	16,440,972	15,729,867	14,878,649	13,996,218	13,197,187
Refuse Collection	511,198	615,776	887,239	1,302,336	1,492,727
Total Enterprise	<u>43,355,554</u>	<u>42,786,664</u>	<u>47,624,642</u>	<u>51,151,124</u>	<u>50,539,772</u>
Internal Service Funds					
Health Insurance	1,221,653	2,401,544	2,688,310	2,667,145	3,038,952
Casualty & Liability Insurance	N/A	N/A	N/A	2,250,199	2,396,162
Central Equipment	(62,211)	28,110	24,275	(115,870)	29,139
Total Proprietary	<u>44,514,996</u>	<u>45,216,318</u>	<u>50,337,227</u>	<u>55,952,598</u>	<u>56,004,025</u>
Fiduciary Fund Types (3):					
Pension Trust					
Police Pension	30,382,994	32,528,147	35,137,969	32,619,298	34,964,756
Firefighters' Pension	35,594,313	39,401,126	42,732,655	37,635,373	41,029,795
Total Fiduciary	<u>65,977,307</u>	<u>71,929,273</u>	<u>77,870,624</u>	<u>70,254,671</u>	<u>75,994,551</u>
Total All Funds (Memo Only)	<u>\$ 146,663,266</u>	<u>\$ 158,245,697</u>	<u>\$ 189,015,107</u>	<u>\$ 170,504,803</u>	<u>\$ 191,110,718</u>

VILLAGE OF PALATINE, ILLINOIS

Disclosures Required by SEC Rule 15c2-12
Combined Statement - All Funds (Note 1)
December 31, 2009

(Continued)

Cash and Investments

	2005	2006	2007	2008	2009
Fund:					
General	\$ 15,123,023	\$ 11,622,670	\$ 12,788,481	\$ 10,761,900	\$ 8,684,369
Special Revenue	2,341,408	2,858,328	3,221,921	5,795,211	9,092,889
Debt Service	10,410,715	12,619,368	14,542,649	10,603,036	6,764,193
Capital Projects	1,268,425	5,797,507	4,212,753	9,981,396	9,999,921
Enterprise Funds	6,024,238	5,201,496	6,934,455	8,981,400	5,781,482
Internal Service Funds	1,654,176	2,608,595	2,875,931	5,118,599	6,270,014
Pension Trust	65,900,784	71,504,934	77,364,492	3,096,561	4,507,108
Total cash and investments	\$ 102,722,769	\$ 112,212,898	\$ 121,940,682	\$ 54,338,103	\$ 51,099,976

Notes:

1. These condensed financial statements for the years ending December 31, 2005 - 2009, 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, 2009, included an unqualified "Report of Independent Auditors". Similar unqualified opinions were included in the Village's CAFRs for the fiscal years ended December 31, 2005 - 2009. 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, 2009, 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

VILLAGE OF PALATINE, ILLINOIS

Disclosures Required by SEC Rule 15c2-12
Capital Assets
December 31, 2009

Governmental Activities	Amount	Business Type Activities	Amount
Land	\$ 13,718,096	Land	\$ 2,906,138
Land right of ways	139,806,926	Improvements	15,673,130
Buildings	16,524,518	Machinery and equipment	2,188,939
Machinery and equipment	8,820,030	System lines	<u>80,278,778</u>
Streets	24,337,173	Total	<u>101,046,985</u>
Bridges	<u>1,596,735</u>		
Total	<u>204,803,478</u>		
Less Accumulated Depreciation	<u>24,748,535</u>	Less Accumulated Depreciation	<u>46,648,524</u>
Net Capital Assets	<u>\$ 180,054,943</u>	Net Capital Assets	<u>\$ 54,398,461</u>