

# **VILLAGE OF PALATINE, ILLINOIS**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED  
DECEMBER 31, 2010**

VILLAGE OF PALATINE, ILLINOIS

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

For the Year Ended  
December 31, 2010

Prepared by the Finance Department

Paul D. Mehring, CPA  
Director of Finance and Operations

Susan D. Conn  
Assistant Finance Director

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## INTRODUCTORY SECTION

VILLAGE OF PALATINE, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2010

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MAYOR

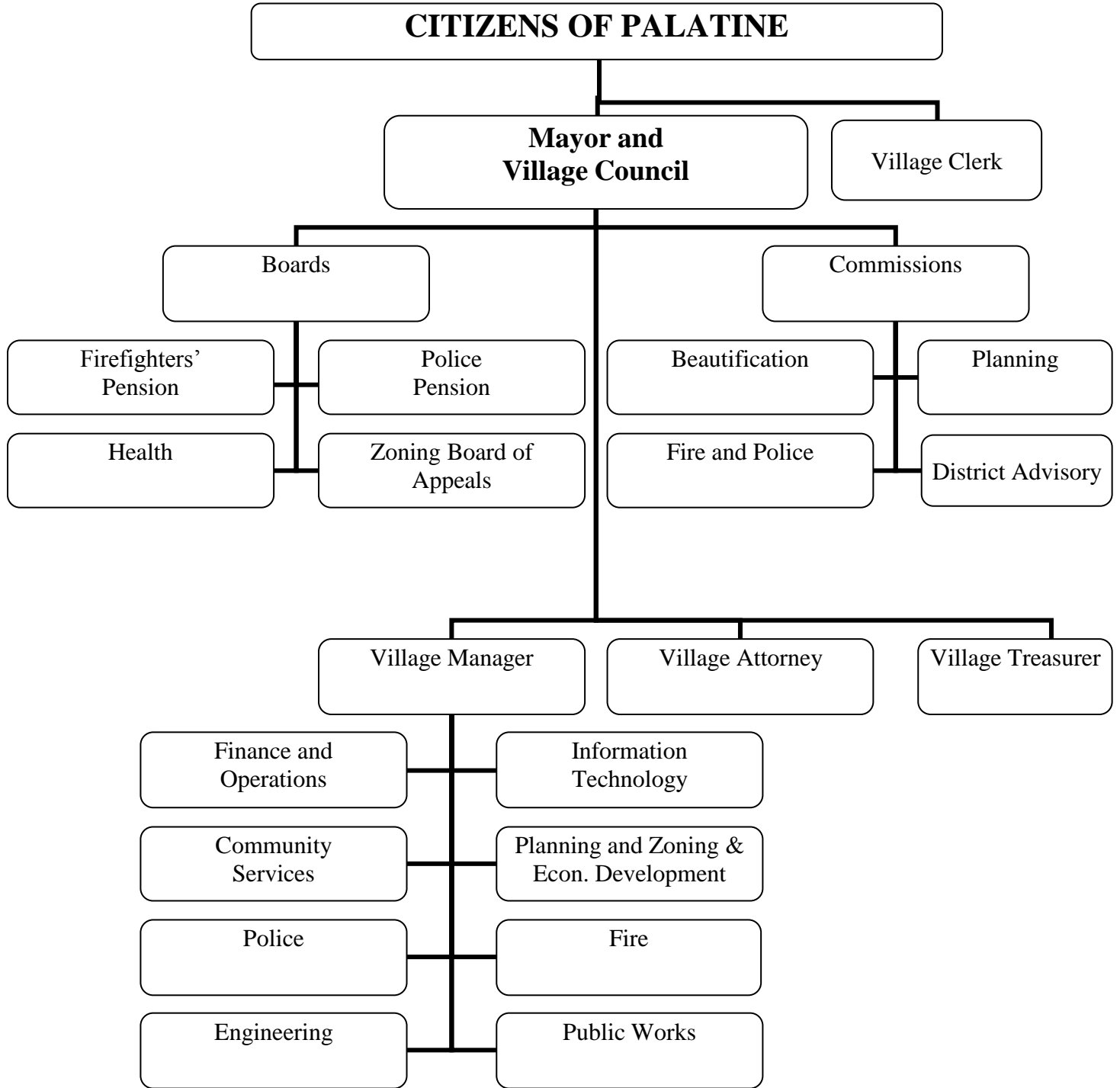
James Schwantz

VILLAGE COUNCIL

Aaron B. Del Mar	District 1
Scott Lamerand	District 2
Jim Clegg	District 3
Gregory J. Solberg	District 4
Kollin Kozlowski	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, 2009

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



President

Executive Director

May 2, 2011

Mayor Schwantz  
Members of the Village Council  
Village Manager Ottesen  
Citizens of the Village of Palatine, Illinois

State law requires that all general-purpose governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Village of Palatine, Illinois for the calendar year ended December 31, 2010.

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, 2010, 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, 2010, 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 61-63 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 73.



## **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 2010 increased by approximately \$0.6 million (5.4%) from the prior year. While overall, sales taxes were level or slightly declining, this increase is mainly due to a new automobile dealer beginning operations in calendar 2010. However, notwithstanding that fact, 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:

**Arlington Toyota** – This auto dealership is located on what was previously a mainly vacant tract of land at the intersection of Rand Road and Hicks Road. The project consists of a new Toyota dealership building with approximately 125,000 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 an approximately 50,000 square feet for purposes of operating a Harley-Davidson motorcycle dealership, and the potential future phase consisting of an approximately 5,000 square foot free-standing restaurant.

**Caputo's Grocery Store** – Caputo's is a local grocery 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. To help meet their business needs, Caputo's recently completed an addition to their building and related expansion of their parking lot.

**Tore & Luke's** - To help facilitate the development of Arlington Toyota, the Village assisted with the relocation and development of the new Tore & Luke's restaurant on Rand Road.

**Dundee Road Corridor** – This corridor encompassing 3 of the Village's Tax Increment Financing Districts has seen the recent addition of White Castle, Panda Express, and Sonic, as well as a complete interior remodel of the Target store.

**Mariano's Grocery Store** - is a new grocery chain concept opening in the Chicago suburbs. The Village recently acquired a site for our new Police Headquarters. Upon final design of the Police facility, it was determined that the remaining land could be used for redevelopment. Upon completion of a Request for Proposals, the Village negotiated the sale of the property to Bradford Real Estate Companies, which will result in the development of a new grocery store and two out lots. The property sale was finalized in May 2011, and construction has commenced. Mariano's has a target opening in February 2012.

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

In addition to the economic development projects mentioned above, the Village has demonstrated a commitment to maintaining its infrastructure. In 2010, the Village spent over \$9.6 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 midst of construction. This is a critically important intersection in the Village's downtown area. This improvement is designed to dramatically increase the traffic flow at this intersection.

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

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, 2009. This was the tenth 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.

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

## FINANCIAL SECTION



998 Corporate Boulevard • Aurora, IL 60502

Members of American Institute of  
Certified Public Accountants

## 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, 2010, 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, 2010, 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, 2010, 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, 2010, 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 2, 2011 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 basic financial statements and on the combining and individual fund 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.

Aurora, Illinois  
May 2, 2011

A handwritten signature in black ink, appearing to read "Shick CP". The signature is written in a cursive, flowing style with a large, prominent "S" at the beginning.

## General Purpose External Financial Statements

**VILLAGE OF PALATINE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2010**

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

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

**Financial Highlights**

- The Village's net assets increased by \$6.8 million (3.25%) during the current year. The governmental net assets increased by \$5.9 million and the business-type activities net assets decreased by \$0.9 million.
- The Village's combined Governmental Funds ending fund balance increased \$13.8 million (23.4%).
- At the end of the current year, fund balance for the General Fund was \$15.8 million or 33.3% of General Fund expenditures.
- The Village issued \$18.8 million in General Obligation Bonds to fund the construction of a New Fire Station and a new Police Headquarters.
- The Village issued \$20.8 million in General Obligation Refunding Bonds to achieve an economic gain of \$1.3 million and reduced future debt service payments by \$1.4 million.

**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



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

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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.

**Fund Financial Statements**

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

*Governmental Funds*

The governmental major fund presentation (see pages 6-11) is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. The focus of governmental funds is narrower than that of the government-wide financial statements. The Village maintains 10 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Downtown TIF Fund, Rand Road Corridor TIF Fund, General Obligation Bond Fund, and Police Facility Construction 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

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

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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) 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 - 60 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 61 - 72 of

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

this report. The combining and individual fund statements for non-major governmental, enterprise, and internal service funds are presented on pages 73 - 102 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 \$6.8 million (3.25%) from the prior year. The following analysis will look at net assets and net expenses of the governmental and business-type activities separately. The total net assets for governmental activities were \$164.5 million, a \$5.9 million (3.72%) increase. The business-type activities net assets were \$51.4 million, a \$0.9 million 1.78% increase from the prior year. The following table reflects the condensed statement of net assets for the current and prior years (presented in millions):

	<i><b>Govern- mental Activities 2010</b></i>	<i><b>Business- type Activities 2010</b></i>	<i><b>Total 2010</b></i>	<i><b>Govern- mental Activities 2009</b></i>	<i><b>Business-type Activities 2009</b></i>	<i><b>Total 2009</b></i>
Current and other assets	\$ 107.6	\$ 20.7	\$ 128.3	\$ 92.5	\$ 19.5	\$ 112.0
Capital assets	185.6	52.3	237.9	180.0	54.4	234.4
<b>Total assets</b>	<b>293.2</b>	<b>73.0</b>	<b>366.2</b>	<b>272.5</b>	<b>73.9</b>	<b>346.4</b>
Noncurrent liabilities	100.8	20.3	121.1	86.7	21.5	108.2
Other liabilities	27.9	1.3	29.2	27.3	1.9	29.2
<b>Total liabilities</b>	<b>128.7</b>	<b>21.6</b>	<b>150.3</b>	<b>114.0</b>	<b>23.4</b>	<b>137.4</b>
Net assets						
Invested in capital assets, net of related debt	133.6	35.9	169.5	133.5	38.9	172.4
Restricted	40.6	-	40.6	42.4	-	42.4
Unrestricted	(9.7)	15.5	5.8	(17.3)	11.6	(5.7)
<b>Total net assets</b>	<b>\$ 164.5</b>	<b>\$ 51.4</b>	<b>\$ 215.9</b>	<b>\$ 158.6</b>	<b>\$ 50.5</b>	<b>\$ 209.1</b>

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

**Normal Impacts on Net Assets**

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

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

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**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 \$6.8 million increase of combined net assets (which is the Village's bottom line) was the result of the governmental activities net assets increasing by \$5.9 million and the business-type activities net assets increasing by \$0.9 million.

The governmental activities total assets increased by \$20.7 million and the governmental activities total liabilities increase by \$14.7 million. The increase in total assets is mainly due to several factors: Capital Assets increased by \$5.5 due primarily to a number of large construction projects beginning in calendar 2010 - a new Fire Station, a new Police Headquarters, and the Palatine Road Reconstruction. Current and other assets increased by \$15.2 million as a result of the State of Illinois being four months behind in remitting Income Tax to the Village (\$4.0 million), Cook County delaying the second installment of property taxes (\$4.5 million), acquisition of property for anticipated sales to developers to facilitate potential future economic redevelopment projects (\$2.1 million), and bond proceeds held in cash for subsequent years' expenditures (\$5.1 million). The increase in governmental activities total liabilities of \$14.7 was mainly based on debt issuances to finance the projects noted above.

The business-type activities total assets decreased by \$0.9 million and total liabilities of the business-type activities decreased by \$1.8 million. The decrease in total assets is due mainly to the combination of an increase of \$1.2 in current and other assets, which resulted mainly from increased cash balances in the Waterworks and Sewerage Funds due to the rate increases adopted in calendar 2010, and the decrease in capital assets of \$2.1 million due to depreciation

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

exceeding capitalizations. The decrease in total liabilities is mainly a result of a \$1.2 million decrease in noncurrent liabilities, which represents a decrease due to regular bond principal payments.

**Changes in Net Assets**

The Village's combined change in net assets of \$6.8 million represents a decrease of \$3.6 million from the prior year. The Village's total revenues increased by \$2.2 million and the cost of all programs increased by \$5.8 million. The following chart shows the revenue and expenses of the Village's activities (presented in millions):

	<i><b>Govern- mental Activities 2010</b></i>	<i><b>Business- type Activities 2010</b></i>	<i><b>Total 2010</b></i>	<i><b>Govern- mental Activities 2009</b></i>	<i><b>Business- type Activities 2009</b></i>	<i><b>Total 2009</b></i>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 7.7	\$ 15.5	\$ 23.2	\$ 8.2	\$ 14.6	\$ 22.8
Operating grants	2.9	-	2.9	2.3	-	2.3
Capital grants & contributions	3.5	0.2	3.7	1.6	-	1.6
General revenues						
Property and replacement taxes	33.4	-	33.4	34.5	-	34.5
Other taxes	21.9	-	21.9	21.5	-	21.5
Other revenues	0.6	-	0.6	0.8	-	0.8
Total revenues	70.0	15.7	85.7	68.9	14.6	83.5
<b>Expenses</b>						
Governmental activities						
General government	7.9	-	9.1	8.3	-	8.3
Public safety	35.2	-	34.2	33.9	-	33.9
Public works	10.0	-	9.8	10.7	-	10.7
Economic development	6.8	-	6.8	1.6	-	1.6
Interest & fiscal charges	4.2	-	4.2	3.4	-	3.4
Business-type						
Waterworks	-	6.1	6.1	-	6.2	6.2
Sewerage	-	3.1	3.1	-	3.4	3.4
Refuse collection	-	1.4	1.4	-	1.4	1.4
Motor vehicle parking	-	4.2	4.2	-	4.2	4.2
Total expenses	64.1	14.8	78.9	57.9	15.2	73.1
<b>Change in net assets</b>	5.9	0.9	6.8	11.0	(0.6)	10.4
<b>Net assets – beginning, restated</b>	158.6	50.5	209.1	147.6	51.1	198.7
<b>Net assets – ending</b>	\$ 164.5	\$ 51.4	\$ 215.9	\$ 158.6	\$ 50.5	\$ 209.1

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

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**Normal Impacts**

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

**Revenues:**

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

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

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

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

**Expenses:**

**Introduction of New Programs** - within the functional expense categories (General Government, Public Safety, and 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.

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

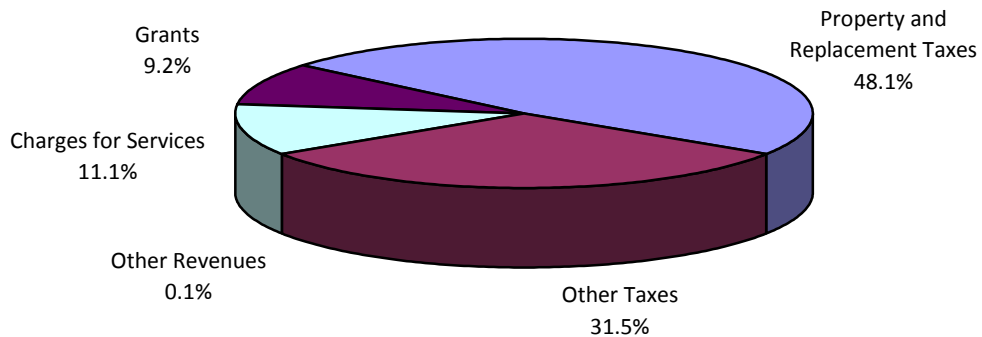
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**Current Year Impacts**

***Governmental Activities***

**Revenues:**

**CY 2010 Governmental Activities - Revenue by Source**



For the current year, revenues from Governmental Activities totaled \$70.0 million. Property and replacement taxes continue to be the Village's largest revenue source coming in at \$34.2 million and representing 48.1% of total Governmental Activity revenue. Other Taxes consisting mainly of sales tax (State and Home Rule), food and beverage tax, telecommunications tax, and shared state income tax revenues total \$21.9 million and represent 31.5% of the total Governmental Activity revenue.

Property and replacement tax receipts decreased slightly by \$0.9 million mainly due to the impact economic conditions had on tax collections.

Village sales tax receipts increased slightly in spite of the adverse economic conditions throughout the country. For the current year, sales tax increased by \$0.6 million (5.45%) from the prior year. This increase was mainly from the operations of a new auto dealer in the Rand Road Corridor TIF District. The grand opening of this dealership occurred in November 2009, thus calendar 2010 was its first full year of operations in the Village.

The combined decrease in all other taxes was \$0.2 million (1.9%). This decrease is a direct result of the lagging economic conditions. The charges for services category decrease of \$0.5 million results from a decrease in discretionary services (such as plan reviews and inspections) that relate directly to the economic downturn. The grant categories increased by \$1.6 million, mainly on the strength of a construction grant (Palatine Road) being received in the current year.

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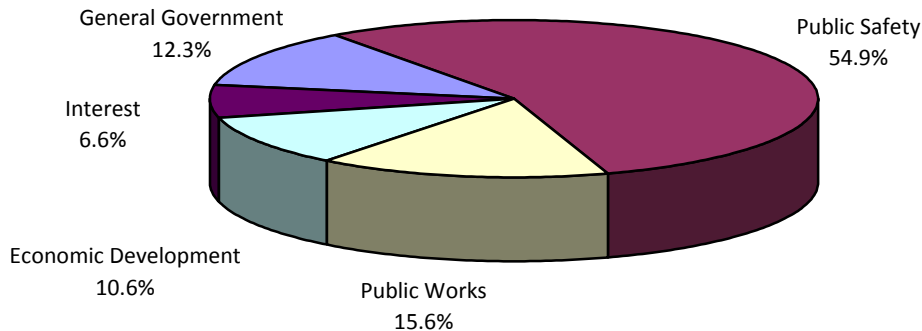
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**VILLAGE OF PALATINE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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**Expenses**

**CY 2010 Governmental Activities - Expenses by Function**



For the current year, expenses from Governmental Activities totaled \$64.1 million, which represents a \$6.2 million (10.7%) increase from the prior year.

Public safety expenses increased by \$1.3 million (3.8%) over the prior year mainly due to increased pension contributions to the Police and Firefighters' Pension Funds. General government and Public works expenses shows decreases of \$0.4 (4.8%) and \$0.7 million (6.5%), respectively, mainly due to budget reductions and cost containment measures taken in response to the sluggish economy. Economic development activities show an increase of \$5.2 million (325%), which is largely due to the refunding of surpluses back to the underlying taxing bodies in two of the Village's tax increment financing districts.

***Business-Type Activities***

**Revenues**

Total revenue for the business-type activities experienced a \$1.1 million (7.5%) increase in the current year. The combined water and sewer rate was increased by \$0.24 (12.0%) and there were no increases in either the refuse collection rate or commuter parking lot fees.

**Expenses**

Business-type activity total expenses decreased by a slight \$0.4 million (2.6%) as a result of cost cutting initiatives undertaken in response to economic conditions.

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

***Governmental Funds***

The Governmental Funds (as presented on page 6-11) reported a combined total fund balance of \$72.9 million, which is a \$13.8 million increase from the prior year balance of \$59.1 million. This



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

increase is mainly attributable to an \$18.8 million bond issuance for construction purposes. Of the total fund balance, \$9.7 million is unreserved indicating availability for continuing Village services. Reserved fund balances of \$63.2 million includes \$6.0 million for advances and inventories, \$24.6 million for land held for resale, \$0.3 million for maintenance of roadways, \$7.0 million for debt service, \$24.9 million for special projects, and \$0.4 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 (4.45%) from the prior year; the fund balance for the prior year showed a similar decrease of \$0.7 million. The net change in fund balance for the current year represents a \$0.2 million increase in operations. Revenues increased by \$0.6 million and expenditures increased by \$0.8 million, resulting in a \$0.8 million negative outcome from operations as compared to the \$0.6 million negative outcome in the prior year, both before other financing uses (transfers). Net financing sources (uses) increased by \$0.2 million, which had a positive effect on fund balance.

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

	<i><b>CY 2010 Original Budget</b></i>	<i><b>CY 2010 Final Budget</b></i>	<i><b>CY 2010 Actual</b></i>	<i><b>CY 2009 Actual</b></i>
Revenues	\$ 48.7	\$ 48.8	\$ 46.6	\$ 46.0
Expenditures	48.4	48.2	47.4	46.6
Excess of revenues over expenditures	0.3	0.6	(0.8)	(0.6)
Other financing sources (uses)	(0.3)	0.1	0.1	(0.1)
Net change in fund balance	\$ -	\$ 0.7	\$ (0.7)	\$ (0.7)

The General Fund's "key" revenues performed well in the fiscal year and include:

	<i><b>Calendar Year 2010</b></i>	<i><b>Calendar Year 2009</b></i>	<i><b>Increase/ (Decrease)</b></i>
Property tax	\$ 19.3	\$ 18.5	\$ 0.8
State sales tax	7.6	7.1	0.5
Home rule sales tax	4.1	4.0	0.1
State income tax	5.3	5.5	(0.2)

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.

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

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General Fund actual revenues and actual expenditures were \$2.2 million and \$0.8 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 \$1.0 million mainly as a result of project expenditures intended to be funded by current year revenues carrying over from calendar 2010 to calendar 2011. The Rand Road Corridor TIF Fund experienced a positive net change in fund balance of \$0.4 million due to planned expenditures coming in lower than expected. The Police Facility Construction Fund experienced a \$10.5 net change in fund balance based mainly on issuance of bonds to fund the construction activities over a multi-year period.

***Proprietary Funds***

The Enterprise Funds' (as presented on pages 12-17) total net assets increased by \$0.8 million (1.7%). This increase is primarily a result of the net income in the Waterworks Fund, which is due to the sizeable water rate increase implemented to begin to fortify the working capital of this fund.

**CAPITAL ASSETS**

The Village's investment in capital assets for its governmental and business-type activities amounts to \$237.9 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 \$3.4 million. Detailed information regarding the change in capital assets for governmental and business-type activities is included in the Notes to the Financial Statements on pages 37 – 38.

The governmental activities net capital assets increased from last year by \$5.5 million. This is primarily attributable to the construction activities for public safety facilities (new Fire Station and new Police Headquarters). The business-type activities net capital assets decreased by \$2.1 million as a result of depreciation totaling \$2.7 million outpacing additions totaling \$0.6 million.

**DEBT OUTSTANDING**

In calendar year 2010, the Village issued General Obligation Bonds Series 2010A through 2010D in the total amount of \$39.6 million.

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. \$111.7 million of general obligation bonds, \$5.0 million of general obligation capital appreciation bonds and \$0.1 million of tax increment revenue limited obligation redevelopment notes are currently outstanding.

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

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\$59.1 million (52.9%) of the \$111.7 million currently outstanding general obligation bonds were issued for improvements in the Village's various TIF Districts. The issuance of these bonds did not produce capital assets for the Village; therefore, the unrestricted net 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 2010, Moody's Investors Service upgraded the Village's AA2 rating to AA1 and Standard and Poor's reaffirmed the Village's AA+ rating. 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 2011 budget includes a slight increase in property tax revenues, due to increased pension funding requirements. Sales taxes are projected to decrease due to the assumption that the economy will continue to stagnate; however, this decrease also takes into account known economic development activities that will produce sales tax. Building permit revenues and planning and inspection fees are projected to be stable at decreased levels due to the continued state of the housing market. State income tax revenue is expected to continue to decrease. A combined \$0.78 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 in most instances have been held flat. The budget includes economic development projects within the Village's Tax Increment Financing Districts.

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

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**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, 2010

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 46,588,210	\$ 6,978,001	\$ 53,566,211
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	25,644,551	-	25,644,551
Accounts	-	1,680,405	1,680,405
Other	523,569	254,580	778,149
Accrued interest	3,015	-	3,015
Prepaid expenses	97,016	123,067	220,083
Due from other governments	8,543,980	-	8,543,980
Deferred charges	1,416,295	181,150	1,597,445
Inventories	203,515	-	203,515
Land held for resale	24,636,780	-	24,636,780
Advance to fiduciary fund	12,208	-	12,208
Investment in joint venture			
Northwest Water Commission	-	11,460,551	11,460,551
Capital assets not being depreciated	160,770,751	2,906,138	163,676,889
Capital assets being depreciated (net of accumulated depreciation)	24,801,596	49,414,520	74,216,116
Total assets	293,241,486	72,998,412	366,239,898
<b>LIABILITIES</b>			
Accounts payable	2,899,974	624,357	3,524,331
Accrued payroll	602,920	38,310	641,230
Accrued interest payable	640,110	47,990	688,100
Due to fiduciary fund	564,971	-	564,971
Deposits payable	352,410	178,694	531,104
Claims payable	633,976	-	633,976
Other payables	64,487	-	64,487
Unearned property tax revenue	22,014,359	-	22,014,359
Other deferred revenues	130,771	415,986	546,757
Noncurrent liabilities			
Due within one year	6,092,564	1,665,440	7,758,004
Due in more than one year	94,716,022	18,639,417	113,355,439
Total liabilities	128,712,564	21,610,194	150,322,758
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	133,599,587	35,931,798	169,531,385
Restricted for			
Streets and highways	287,280	-	287,280
Debt service	6,960,461	-	6,960,461
Capital projects	32,999,035	-	32,999,035
Public safety	394,467	-	394,467
Unrestricted	(9,711,908)	15,456,420	5,744,512
TOTAL NET ASSETS	\$ 164,528,922	\$ 51,388,218	\$ 215,917,140

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 7,911,734	\$ 4,129,923	\$ -	\$ 946,945
Public safety	35,204,860	3,345,737	463,813	34,320
Public works	10,000,129	242,032	2,070,824	81,136
Economic development	6,828,477	-	-	2,403,378
Interest and fiscal charges	4,190,376	-	329,144	-
Total governmental activities	64,135,576	7,717,692	2,863,781	3,465,779
Business-Type Activities				
Waterworks	6,121,039	7,208,992	-	-
Sewerage	3,103,688	3,189,687	-	-
Motor vehicle parking system	1,405,859	654,485	-	208,347
Refuse collection	4,218,165	4,426,123	-	-
Total business-type activities	14,848,751	15,479,287	-	208,347
TOTAL PRIMARY GOVERNMENT	\$ 78,984,327	\$ 23,196,979	\$ 2,863,781	\$ 3,674,126

Net (Expense) Revenue and Change in Net Assets			
Primary Government			
	Governmental Activities	Business-Type Activities	Total
	\$ (2,834,866)	\$ -	\$ (2,834,866)
	(31,360,990)	-	(31,360,990)
	(7,606,137)	-	(7,606,137)
	(4,425,099)	-	(4,425,099)
	(3,861,232)	-	(3,861,232)
	(50,088,324)	-	(50,088,324)
	-	1,087,953	1,087,953
	-	85,999	85,999
	-	(543,027)	(543,027)
	-	207,958	207,958
	-	838,883	838,883
	(50,088,324)	838,883	(49,249,441)
General Revenues			
Taxes			
Property and replacement	33,436,550	-	33,436,550
Sales	7,583,128	-	7,583,128
Home rule sales	4,100,988	-	4,100,988
Use	889,533	-	889,533
Telecommunications	2,796,032	-	2,796,032
Income	5,307,674	-	5,307,674
Food and beverage	1,043,856	-	1,043,856
Other	237,067	-	237,067
Investment income	305,545	9,563	315,108
Miscellaneous	333,398	-	333,398
Total	56,033,771	9,563	56,043,334
CHANGE IN NET ASSETS	5,945,447	848,446	6,793,893
NET ASSETS, JANUARY 1	158,583,475	50,539,772	209,123,247
NET ASSETS, DECEMBER 31	\$ 164,528,922	\$ 51,388,218	\$ 215,917,140

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2010

	General	Downtown TIF	Rand Road Corridor TIF	General Obligation Bond	Police Facility Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and investments	\$ 3,642,204	\$ 3,982,552	\$ 1,231,628	\$ 2,372,083	\$ 12,633,211	\$ 15,862,286	\$ 39,723,964
Receivables (net, where applicable, of allowances for uncollectibles)							
Property taxes	21,569,355	758,860	297,579	2,989,159	-	29,598	25,644,551
Other	498,339	-	-	-	-	-	498,339
Due from other governments	5,152,404	2,403,378	-	-	-	988,198	8,543,980
Inventories	2,610	-	-	-	-	-	2,610
Land held for resale	-	14,496,982	10,139,798	-	-	-	24,636,780
Advance to other funds	6,022,920	-	-	-	-	-	6,022,920
Advance to fiduciary fund	-	-	-	-	-	12,208	12,208
<b>TOTAL ASSETS</b>	<b>\$ 36,887,832</b>	<b>\$ 21,641,772</b>	<b>\$ 11,669,005</b>	<b>\$ 5,361,242</b>	<b>\$ 12,633,211</b>	<b>\$ 16,892,290</b>	<b>\$ 105,085,352</b>



	General	Downtown TIF	Rand Road Corridor TIF	General Obligation Bond	Police Facility Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 205,776	\$ 425,636	\$ 6,170	\$ -	\$ 1,371,491	\$ 405,452	\$ 2,414,525
Accrued payroll	590,410	-	-	-	-	-	590,410
Deposits payable	352,410	-	-	-	-	-	352,410
Other payables	64,487	-	-	-	-	-	64,487
Due to fiduciary funds	564,971	-	-	-	-	-	564,971
Deferred property taxes	19,339,080	-	-	2,675,279	-	-	22,014,359
Other deferred revenue	-	-	-	-	-	127,021	127,021
Advance from other funds	-	6,022,920	-	-	-	-	6,022,920
<b>Total liabilities</b>	<b>21,117,134</b>	<b>6,448,556</b>	<b>6,170</b>	<b>2,675,279</b>	<b>1,371,491</b>	<b>532,473</b>	<b>32,151,103</b>
<b>FUND BALANCES</b>							
Reserved for inventories	2,610	-	-	-	-	-	2,610
Reserved for advances	6,022,920	-	-	-	-	12,208	6,035,128
Reserved for land held for resale	-	14,496,982	10,139,798	-	-	-	24,636,780
Reserved for maintenance of roadways	-	-	-	-	-	287,280	287,280
Reserved for debt service	-	-	-	2,685,963	-	4,274,498	6,960,461
Reserved for special projects	-	696,234	1,523,037	-	11,261,720	11,391,364	24,872,355
Reserved for public safety	-	-	-	-	-	394,467	394,467
Unreserved							
Undesignated - General Fund	9,745,168	-	-	-	-	-	9,745,168
<b>Total fund balances</b>	<b>15,770,698</b>	<b>15,193,216</b>	<b>11,662,835</b>	<b>2,685,963</b>	<b>11,261,720</b>	<b>16,359,817</b>	<b>72,934,249</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 36,887,832</b>	<b>\$ 21,641,772</b>	<b>\$ 11,669,005</b>	<b>\$ 5,361,242</b>	<b>\$ 12,633,211</b>	<b>\$ 16,892,290</b>	<b>\$ 105,085,352</b>

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

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

December 31, 2010

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FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 72,934,249
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	185,572,347
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(96,743,975)
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	1,416,295
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	69,385
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	(995,780)
Loss on refundings are reported as reduction of long-term debt on the statement of net assets	669,090
Accrued interest on long-term debt is reported as a liability on the statement of net assets	(640,110)
Compensated absences payable is not due and payable in the current period and, therefore, is not reported in governmental funds	(1,994,664)
Less compensated absences payable reported in internal service funds	61,480
The net assets of the internal service fund are included in the governmental activities in the statement of net assets	5,993,247
The net OPEB obligation is not a current financial resource and, therefore, is not reported in the governmental funds	(574,417)
The net pension obligation is not a current financial resource and, therefore, is not reported in the governmental funds	<u>(1,238,225)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 164,528,922</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, 2010

	General	Downtown TIF	Rand Road Corridor TIF	General Obligation Bond	Police Facility Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 33,226,384	\$ 6,090,100	\$ 2,614,632	\$ 2,664,191	\$ -	\$ 5,491,846	\$ 50,087,153
Licenses and permits	3,112,015	-	-	-	-	-	3,112,015
Intergovernmental	6,675,206	2,561,081	-	171,441	-	3,402,297	12,810,025
Charges for services	1,768,925	-	-	-	-	70,811	1,839,736
Fines and forfeits	1,239,105	-	-	-	-	17,044	1,256,149
Investment income	248,896	11,331	3,101	6,353	5,334	30,530	305,545
Miscellaneous	378,982	40,122	9,293	-	-	242,003	670,400
Total revenues	46,649,513	8,702,634	2,627,026	2,841,985	5,334	9,254,531	70,081,023
<b>EXPENDITURES</b>							
Current							
General government	7,713,816	-	-	-	-	-	7,713,816
Public safety	33,445,430	-	-	-	-	193,232	33,638,662
Public works	6,290,597	-	-	-	-	1,960,271	8,250,868
Economic development	-	2,870,684	713,586	-	-	3,244,207	6,828,477
Capital outlay	-	-	-	-	4,365,558	4,774,132	9,139,690
Debt service							
Principal	-	2,818,915	465,000	2,209,830	-	-	5,493,745
Interest and fiscal charges	-	2,126,000	988,345	1,227,562	-	-	4,341,907
Total expenditures	47,449,843	7,815,599	2,166,931	3,437,392	4,365,558	10,171,842	75,407,165
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(800,330)	887,035	460,095	(595,407)	(4,360,224)	(917,311)	(5,326,142)

	General	Downtown TIF	Rand Road Corridor TIF	General Obligation Bond	Police Facility Construction	Nonmajor Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)							
Bonds issued, at par	\$ -	\$ 12,555,000	\$ -	\$ 1,761,795	\$ 14,861,590	\$ 2,980,000	\$ 32,158,385
Bond premium	-	693,945	-	185,275	-	-	879,220
Payment to refunded bond escrow	-	(13,094,336)	-	(856,503)	-	-	(13,950,839)
Proceeds from sale of capital assets	-	-	-	-	-	61,483	61,483
Transfers in	65,000	-	-	-	-	-	65,000
Transfers (out)	-	-	-	-	-	(65,000)	(65,000)
Total other financing sources (uses)	65,000	154,609	-	1,090,567	14,861,590	2,976,483	19,148,249
NET CHANGE IN FUND BALANCES	(735,330)	1,041,644	460,095	495,160	10,501,366	2,059,172	13,822,107
FUND BALANCES, JANUARY 1	16,506,028	14,151,572	11,202,740	2,190,803	760,354	14,300,645	59,112,142
FUND BALANCES, DECEMBER 31	\$ 15,770,698	\$ 15,193,216	\$ 11,662,835	\$ 2,685,963	\$ 11,261,720	\$ 16,359,817	\$ 72,934,249

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, 2010

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 13,822,107
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	7,250,804
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	(1,733,380)
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	(32,158,385)
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	5,493,745
The loss on refunding of bonds is reported as a deferred charge in the statement of activities	13,950,840
Bond issuance costs are reported as expenditures in the governmental funds and are deferred in the statement of activities	502,845
The amortization of issuance costs on long-term debt is reported as an expense on the statement of activities	(133,135)
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	(879,220)
The amortization of premium on long-term debt is reported as revenue on the statement of activities	96,995
The amortization of the loss on refunding on long-term debt is reported as an expense on the statement of activities	(67,935)
The change in the accrual of interest on long-term debt is reported as an expense on the statement of activities	(241,760)
The change in compensated absences payable is shown as an expense on the statement of activities	(332,618)
The change in net assets of certain activities of internal service funds is reported in governmental funds on the statement of activities	528,994
The change in net OPEB obligation is not a current financial resource and, therefore, is not reported in the governmental funds	(124,597)
The change in net pension obligation is not a current financial resource and, therefore, is not reported in the governmental funds	(24,373)
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 5,945,447</u>

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS

December 31, 2010

	Business-Type Activities				Governmental
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Internal Service
<b>CURRENT ASSETS</b>					
Cash and investments	\$ 267,780	\$ 3,762,213	\$ 1,027,548	\$ 1,920,460	\$ 6,978,001
Receivables (net, where applicable, of allowances for uncollectibles)					\$ 6,864,246
Accounts	1,122,171	464,312	-	93,922	1,680,405
Other	16,516	62,016	-	176,048	254,580
Accrued interest	-	-	-	-	-
Prepaid expenses	-	-	-	123,067	123,067
Inventories	-	-	-	-	-
Deferred charges	43,715	137,435	-	-	181,150
<b>Total current assets</b>	<b>1,450,182</b>	<b>4,425,976</b>	<b>1,027,548</b>	<b>2,313,497</b>	<b>9,217,203</b>
<b>NONCURRENT ASSETS</b>					
Capital assets					
Land	740,200	-	2,165,938	-	2,906,138
Systems and improvements	23,714,467	56,871,883	15,881,477	-	96,467,827
Machinery and equipment	1,967,489	286,078	-	-	2,253,567
Accumulated depreciation	(12,412,956)	(30,522,428)	(6,371,490)	-	(49,306,874)
<b>Net capital assets</b>	<b>14,009,200</b>	<b>26,635,533</b>	<b>11,675,925</b>	<b>-</b>	<b>52,320,658</b>
Other assets					
Investment in joint venture Northwest Water Commission	11,460,551	-	-	-	11,460,551
<b>Total noncurrent assets</b>	<b>25,469,751</b>	<b>26,635,533</b>	<b>11,675,925</b>	<b>-</b>	<b>63,781,209</b>
<b>Total assets</b>	<b>26,919,933</b>	<b>31,061,509</b>	<b>12,703,473</b>	<b>2,313,497</b>	<b>72,998,412</b>

	Business-Type Activities					Governmental Activities
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$ 73,358	\$ 35,946	\$ 47,917	\$ 467,136	\$ 624,357	\$ 485,449
Accrued payroll	28,240	10,070	-	-	38,310	12,510
Accrued interest payable	10,465	37,525	-	-	47,990	-
Deposits payable	178,694	-	-	-	178,694	-
Claims payable	-	-	-	-	-	633,976
Unearned revenues	-	272,316	-	143,670	415,986	3,750
Compensated absences payable	18,190	2,910	-	-	21,100	-
General obligation bonds payable	902,695	741,645	-	-	1,644,340	-
Total current liabilities	1,211,642	1,100,412	47,917	610,806	2,970,777	1,135,685
<b>LONG-TERM LIABILITIES</b>						
Compensated absences payable	72,656	11,544	-	-	84,200	61,480
General obligation bonds payable	7,350,439	11,204,778	-	-	18,555,217	-
Total long-term liabilities	7,423,095	11,216,322	-	-	18,639,417	61,480
Total liabilities	8,634,737	12,316,734	47,917	610,806	21,610,194	1,197,165
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	9,417,172	14,838,701	11,675,925	-	35,931,798	-
Unrestricted	8,868,024	3,906,074	979,631	1,702,691	15,456,420	5,993,247
<b>TOTAL NET ASSETS</b>	<u>\$ 18,285,196</u>	<u>\$ 18,744,775</u>	<u>\$ 12,655,556</u>	<u>\$ 1,702,691</u>	<u>\$ 51,388,218</u>	<u>\$ 5,993,247</u>

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, 2010

	Business-Type Activities					Governmental Activities
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service
OPERATING REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,655
Charges for services	7,172,475	3,189,687	639,152	4,395,658	15,396,972	8,384,581
Miscellaneous	36,517	-	15,333	30,465	82,315	183,780
Total operating revenues	7,208,992	3,189,687	654,485	4,426,123	15,479,287	8,695,016
OPERATING EXPENSES EXCLUDING DEPRECIATION						
Costs of sales and services	4,960,955	1,404,051	626,989	4,218,165	11,210,160	8,182,327
Total operating expenses excluding depreciation	4,960,955	1,404,051	626,989	4,218,165	11,210,160	8,182,327
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	2,248,037	1,785,636	27,496	207,958	4,269,127	512,689
DEPRECIATION AND AMORTIZATION	693,590	1,194,970	778,870	-	2,667,430	-
OPERATING INCOME (LOSS)	1,554,447	590,666	(751,374)	207,958	1,601,697	512,689
NONOPERATING REVENUES (EXPENSES)						
Investment income	112	6,049	1,396	2,006	9,563	16,305
Gain on disposal of capital assets	1,820	-	-	-	1,820	-
Interest expense	(459,231)	(504,667)	-	-	(963,898)	-
Joint venture	(9,083)	-	-	-	(9,083)	-
Total nonoperating revenues (expenses)	(466,382)	(498,618)	1,396	2,006	(961,598)	16,305
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	1,088,065	92,048	(749,978)	209,964	640,099	528,994



	Business-Type Activities					Governmental Activities
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service
CONTRIBUTIONS	\$ -	\$ -	\$ 208,347	\$ -	\$ 208,347	\$ -
Total contributions	-	-	208,347	-	208,347	-
CHANGE IN NET ASSETS	1,088,065	92,048	(541,631)	209,964	848,446	528,994
NET ASSETS, JANUARY 1	17,197,131	18,652,727	13,197,187	1,492,727	50,539,772	5,464,253
NET ASSETS, DECEMBER 31	\$ 18,285,196	\$ 18,744,775	\$ 12,655,556	\$ 1,702,691	\$ 51,388,218	\$ 5,993,247

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended December 31, 2010

	Business-Type Activities				Governmental Activities
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 6,959,853	\$ 3,191,404	\$ 654,485	\$ 4,437,519	\$ 15,243,261
Receipts/payments from interfund services transactions	(307,878)	307,878	-	-	-
Payments to suppliers	(4,014,045)	(1,104,348)	(636,846)	(4,210,090)	(9,965,329)
Payments to employees	(1,047,884)	(419,169)	-	-	(1,467,053)
Net cash from operating activities	1,590,046	1,975,765	17,639	227,429	3,810,879
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Income from joint venture	4,387	-	-	-	4,387
Net cash from noncapital financing activities	4,387	-	-	-	4,387
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital assets purchased	(270,515)	(108,945)	-	-	(379,460)
Principal payments on long-term debt	(912,740)	(697,430)	-	-	(1,610,170)
Interest and fiscal charges paid on long-term debt	(143,525)	(495,823)	-	-	(639,348)
Proceeds received from issuance of bonds	6,885	93,005	-	-	99,890
Payment of bond issuance costs	(6,870)	(92,975)	-	-	(99,845)
Net cash from capital and related financing activities	(1,326,765)	(1,302,168)	-	-	(2,628,933)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	112	6,049	1,396	2,629	10,186
NET INCREASE IN CASH AND CASH EQUIVALENTS	267,780	679,646	19,035	230,058	1,196,519
CASH AND CASH EQUIVALENTS, JANUARY 1	-	3,082,567	1,008,513	1,690,402	5,781,482
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 267,780	\$ 3,762,213	\$ 1,027,548	\$ 1,920,460	\$ 6,978,001

	Business-Type Activities					Governmental Activities
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES						
Operating income (loss)	\$ 1,554,447	\$ 590,666	\$ (751,374)	\$ 207,958	\$ 1,601,697	\$ 512,689
Adjustments to reconcile operating income (loss) to net cash from operating activities						
Depreciation	693,590	1,194,970	778,870	-	2,667,430	-
(Increase) decrease in						
Accounts receivables	(243,894)	(9,843)	-	6,214	(247,523)	-
Other receivables	(8,096)	9,978	-	5,732	7,614	113,687
Due from other funds	-	307,878	-	-	307,878	-
Prepaid expenses	-	-	-	4,458	4,458	(46,614)
Inventories	-	-	-	-	-	(5,820)
Increase (decrease) in						
Accounts payable	(100,288)	(111,793)	(9,857)	3,617	(218,321)	28,431
Accrued payroll	(14,975)	(6,635)	-	-	(21,610)	(8,805)
Unearned revenues	-	1,582	-	(550)	1,032	(280)
Claims payable	-	-	-	-	-	(27,083)
Due to other funds	(307,878)	-	-	-	(307,878)	-
Deposits payable	2,852	-	-	-	2,852	-
Other payables	(696)	-	-	-	(696)	-
Compensated absences payable	14,984	(1,038)	-	-	13,946	6,939
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 1,590,046</u>	<u>\$ 1,975,765</u>	<u>\$ 17,639</u>	<u>\$ 227,429</u>	<u>\$ 3,810,879</u>	<u>\$ 573,144</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES						
Capital contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,347</u>	<u>\$ -</u>	<u>\$ 208,347</u>	<u>\$ -</u>

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

December 31, 2010

	Pension Trust	Agency
<hr/>		
ASSETS		
Cash and cash equivalents	\$ 2,802,893	\$ 858,119
Investments		
U.S. Treasury securities	31,450,751	-
U.S. agency securities	12,816,777	-
Money market mutual funds	4,302,065	-
Mutual funds	32,979,244	-
Receivables		
Property taxes	-	727,030
Accrued interest	160,840	-
Due from primary government	564,971	-
Due from residents	-	12,208
	<hr/>	
Total assets	85,077,541	\$ 1,597,357
	<hr/>	
LIABILITIES		
Accounts payable	-	\$ 18,428
Other liabilities	-	610,179
Due to Cook County	-	23,230
Due to bondholders	-	933,312
Advances from other funds	-	12,208
	<hr/>	
Total liabilities	-	\$ 1,597,357
	<hr/>	
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 85,077,541</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, 2010

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ADDITIONS

Contributions

Employer	\$ 4,718,501
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Employee	1,868,594
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Total contributions	<u>6,587,095</u>
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Investment income

Net appreciation in fair value of investments	6,144,923
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Interest	<u>1,667,403</u>
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Total investment income	7,812,326
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Less investment expense	<u>(367,590)</u>
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Net investment income	<u>7,444,736</u>
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Total additions	<u>14,031,831</u>
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DEDUCTIONS

Administration	40,197
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Benefits	4,872,637
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Refunds of benefits	<u>36,007</u>
---------------------	---------------

Total deductions	<u>4,948,841</u>
------------------	------------------

NET INCREASE	9,082,990
--------------	-----------

NET ASSETS HELD IN TRUST  
FOR PENSION BENEFITS

January 1	<u>75,994,551</u>
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December 31	<u><u>\$ 85,077,541</u></u>
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See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

The Village was incorporated on March 19, 1866. The Village is a municipal corporation governed by an elected seven-member board. As required by GAAP, these financial statements present the Village (the primary government). Management has determined that there are no component units that are required to be included in the financial statements of the Village.

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

Police Pension Employees Retirement System

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

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 fire employees and because of the fiduciary nature of such activities, FPERS is reported as a pension trust fund. FPERS does not issue a stand alone financial report.

Joint Ventures

Northwest Water Commission (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.

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.



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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Police Facility Construction Fund accounts for the acquisition and construction of the police facility.

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 Areas Fund and Letters of Credit Funds are reported as agency funds as the assets in these funds are not available for use by the Village.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds use the accrual basis of accounting but have no measurement focus. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as nonoperating.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments

Cash and Cash Equivalents

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

Investments

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

f. Interfund Receivables/Payables

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

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

g. Inventories

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

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. 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.

i. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

j. 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 2011.

k. Capital Assets

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. 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/amortized using the straight-line method over the following estimated useful lives:

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

l. 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.

m. Rebatable Arbitrage

The Village reports rebatable arbitrage as a reduction of revenue. As of December 31, 2010, the Village has accrued no potential arbitrage liability. Where applicable, any liability for rebatable arbitrage is reported in the funds in which the excess interest income was recorded.

n. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements. Bond premiums and discounts, as well as issuance costs and refunding losses, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium, discount or refunding losses. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. 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.

o. 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.

p. Interfund Transactions

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

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

## 2. DEPOSITS AND INVESTMENTS

### a. Village Investments

The Village's investment policy authorizes the Village to invest in all investments allowed by Illinois Compiled Statutes. These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value). The Village's investment policy does limit their deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance. Additionally, the Village will not invest in any institution in which the Village's funds on deposit are in excess of 75% of the institutions capital stock and surplus.

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

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

#### Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by the Village, an independent third party or the Federal Reserve Bank of Chicago.



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

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village Investments (Continued)

Deposits with Financial Institutions (Continued)

The following table presents the investments and maturities of the Village's debt securities as of December 31, 2010:

Investment Type	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	Greater than 10
Money market mutual funds	\$ 6,248,978	\$ 6,248,978	\$ -	\$ -	\$ -
Illinois Funds	30,347,268	30,347,268	-	-	-
<b>TOTAL</b>	<b>\$ 36,596,246</b>	<b>\$ 36,596,246</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market.

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in external investment pools. Illinois Funds is rated AAA. Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the state to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, the price for which the investment could be sold. The money market mutual funds are rated AAA.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Village's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (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, 2010, 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 participant's 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, 2010 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, 2010:

Investment Type	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 8,485,669	\$ -	\$ 1,942,362	\$ 1,851,329	\$ 4,691,978
U.S. agency obligations	10,977,291	-	-	-	10,977,291
Money market mutual funds	4,055,275	4,055,275	-	-	-
Illinois Funds	1,706,045	1,706,045	-	-	-
<b>TOTAL</b>	<b>\$ 25,224,280</b>	<b>\$ 5,761,320</b>	<b>\$ 1,942,362</b>	<b>\$ 1,851,329</b>	<b>\$ 15,669,269</b>

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 35%-45% and 0%-10% ranges, respectively. Fixed income securities should comprise 54%-65% of investments. Cash holdings should be 0%-1%. All investments fall within their acceptable ranges at December 31, 2010. At December 31, 2010, 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 participant's 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, 2010 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, 2010:

Investment Type	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 22,965,082	\$ -	\$ 22,965,082	\$ -	\$ -
U.S. agency obligations	1,839,486	-	1,839,486	-	-
Money market mutual funds	246,790	246,790	-	-	-
Illinois Funds	1,058,505	1,058,505	-	-	-
<b>TOTAL</b>	<b>\$ 26,109,863</b>	<b>\$ 1,305,295</b>	<b>\$ 24,804,568</b>	<b>\$ -</b>	<b>\$ -</b>

2. DEPOSITS AND INVESTMENTS (Continued)

c. Firefighters' Pension Fund Investments (Continued)

Investments (Continued)

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

The Firefighters' Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing U.S. Treasury obligations and other obligations which are rated in the top three classes by a national rating agency. Illinois Funds and the equity securities are rated AAA. The U.S. agency obligations, for those rated, range in rating from AAA to AA-.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Firefighters' Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Firefighters' Pension Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (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, 2010. At December 31, 2010, 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)

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3. RECEIVABLES

a. Taxes

Property taxes for 2010 attach as an enforceable lien on January 1, 2010, 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, 2011 and August 1, 2011 and are payable in two installments, on or about March 1, 2011 and September 1, 2011. 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 2010 tax levy has been recorded as unearned revenue on the financial statements.

b. Other Receivables

At December 31, 2010, the Village had other receivables as follows:

GOVERNMENTAL ACTIVITIES

Quarterly highway maintenance	\$ 32,045
Hotel occupancy tax	19,223
Insurance reimbursement	12,288
Ambulance service and fees	82,583
Cable franchise fees	176,047
Food and beverage tax	110,437
Other	41,021
RedSpeed red light	26,128
Personal property replacement tax	10,855
Excess insurance reimbursement	<u>12,942</u>

Total governmental activities	<u>523,569</u>
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BUSINESS-TYPE ACTIVITIES

Disposal fees	176,048
Sewer loan program	62,016
Other	<u>16,516</u>

Total business-type activities	<u>254,580</u>
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TOTAL OTHER RECEIVABLES	<u><u>\$ 778,149</u></u>
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VILLAGE OF PALATINE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

3. RECEIVABLES (Continued)

c. Due from Other Governments

At December 31, 2010, the Village had amounts due from other governments as follows:

State sales tax	\$ 2,824,341
Grants	2,614,628
Court fines	80,834
Other state sources	275,543
Motor fuel tax allotments	145,240
Telecommunications tax	678,574
Income tax	<u>1,924,820</u>
 TOTAL DUE FROM OTHER GOVERNMENTS	 <u>\$ 8,543,980</u>

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 13,718,096	\$ -	\$ -	\$ 13,718,096
Construction in progress	774,223	6,471,506	-	7,245,729
Land right of way	139,806,926	-	-	139,806,926
Total capital assets not being depreciated	<u>154,299,245</u>	<u>6,471,506</u>	<u>-</u>	<u>160,770,751</u>
Capital assets being depreciated				
Buildings and improvements	15,750,295	-	-	15,750,295
Machinery and equipment	8,820,030	356,834	321,640	8,855,224
Streets	24,337,173	422,464	34,745	24,724,892
Bridges	1,596,735	-	-	1,596,735
Total capital assets being depreciated	<u>50,504,233</u>	<u>779,298</u>	<u>356,385</u>	<u>50,927,146</u>
Less accumulated depreciation for				
Buildings and improvements	6,609,205	639,040	-	7,248,245
Machinery and equipment	5,411,620	558,100	321,640	5,648,080
Streets	12,065,110	504,235	34,745	12,534,600
Bridges	662,620	32,005	-	694,625
Total accumulated depreciation	<u>24,748,555</u>	<u>1,733,380</u>	<u>356,385</u>	<u>26,125,550</u>
Total capital assets being depreciated, net	<u>25,755,678</u>	<u>(954,082)</u>	<u>-</u>	<u>24,801,596</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
CAPITAL ASSETS, NET	<u>\$ 180,054,923</u>	<u>\$ 5,517,424</u>	<u>\$ -</u>	<u>\$ 185,572,347</u>

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

4. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 2,906,138	\$ -	\$ -	\$ 2,906,138
Construction in progress	-	-	-	-
Total capital assets not being depreciated	2,906,138	-	-	2,906,138
Capital assets being depreciated				
Equipment	2,188,939	64,628	-	2,253,567
Water system	23,451,212	270,515	7,260	23,714,467
Sewer system	56,827,566	44,317	-	56,871,883
Parking improvements	15,673,130	208,347	-	15,881,477
Total capital assets being depreciated	98,140,847	587,807	7,260	98,721,394
Less accumulated depreciation for				
Equipment	624,420	202,160	-	826,580
Water system	11,199,546	516,810	9,080	11,707,276
Sewer system	29,231,938	1,169,590	-	30,401,528
Parking improvements	5,592,620	778,870	-	6,371,490
Total accumulated depreciation	46,648,524	2,667,430	9,080	49,306,874
Total capital assets being depreciated, net	51,492,323	(2,079,623)	(1,820)	49,414,520
<b>BUSINESS-TYPE ACTIVITIES</b>				
CAPITAL ASSETS, NET	\$ 54,398,461	\$ (2,079,623)	\$ (1,820)	\$ 52,320,658

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

<b>GOVERNMENTAL ACTIVITIES</b>	
General government	\$ 156,265
Public works	952,215
Public safety	624,900
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 1,733,380</b>



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

5. LONG-TERM DEBT

a. General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds in prior years was \$104,652,993. During the year, general obligation bonds totaling \$20,800,000 were issued to refund other general obligation bonds and \$18,800,000 of bonds were issued for capital purposes.

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%	\$ 71,833,982
Governmental activities - refunding	1.160% - 5.250%	24,772,010
Business-type activities	3.375% - 5.500%	5,435,000
Business-type activities - refunding	1.160% - 5.250%	9,662,990
Business-type activities - capital appreciation <sup>(1)</sup>	7.100%	<u>4,953,487</u>
<b>TOTAL</b>		<u><b>\$ 116,657,469</b></u>

<sup>(1)</sup> The face value of bonds issued was \$6,545,000. The carrying value of the accreted bonds is \$4,953,487.

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
2011	\$ 5,692,909	\$ 4,495,510	\$ 1,644,340	\$ 559,162
2012	6,398,361	4,319,468	1,727,920	502,113
2013	6,246,617	4,096,535	1,348,835	444,219
2014	5,528,240	3,878,991	986,760	402,323
2015	6,789,865	3,675,205	1,220,135	370,301
2016	5,175,000	3,401,793	915,000	330,494
2017	4,370,000	3,180,726	950,000	299,638
2018	4,570,000	2,986,763	805,000	261,894
2019	4,860,000	2,779,622	840,000	229,694
2020	5,045,000	2,549,584	885,000	196,094
2021	5,285,000	2,304,136	925,000	160,400

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
2022	\$ 5,445,000	\$ 2,036,421	\$ 965,000	\$ 123,088
2023	3,355,000	1,756,118	275,000	83,838
2024	3,475,000	1,578,054	290,000	72,150
2025	4,150,000	1,389,515	305,000	59,462
2026	2,925,000	1,163,792	320,000	46,118
2027	2,145,000	1,000,447	340,000	31,718
2028	2,260,000	878,525	355,000	16,418
2029	3,090,000	747,876	-	-
2030	2,300,000	568,400	-	-
2031	2,400,000	435,000	-	-
2032	2,500,000	295,800	-	-
2033	2,600,000	150,800	-	-
TOTAL	\$ 96,605,992	\$ 49,669,081	\$ 15,097,990	\$ 4,189,124

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

Year Ending December 31,	Principal	Interest
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	\$ 1,591,513

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 \$1,374,983.

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

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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%	\$ 137,983

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

Year Ending December 31,	Redevelopment Notes	
	Principal	Interest
2011	\$ -	\$ -
2012	-	-
2013	-	-
2014	-	-
2015	-	-
2016	-	-
2017	-	-
2018	-	-
2019	-	-
2020	-	-
2021	-	-
2022	137,983	-
TOTAL	\$ 137,983	\$ -

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 May 26, 2010, the Village issued \$7,315,000 General Obligation Refunding Bond Series 2010A and \$12,355,000 General Obligation Refunding Bond Series 2010B. The Series 2010A Bonds were issued to currently refund \$435,000 of the General Obligation Bond Series 1999A due on December 1, 2012 and 2013 and \$6,970,000 of the General Obligation Bond Series 2002 due on December 1, 2011 through 2022. The Series 2010B Bonds were issued to advance refund \$12,535,000 of the General Obligation Bond Series 2001 due on December 1, 2011 through 2016. Conditions for defeasance have been met for the Series 2001 Bonds and assets were placed in escrow through an irrevocable transfer and the liability has been removed from the financial statements. The reacquisition price exceeded the net carrying value of the old debt by \$706,765. 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 \$1,216,830 and a reduction of \$1,347,823 in future debt service payments. The \$435,000 Series 1999A and \$6,790,000 Series 2002 bonds have been fully called and redeemed as of the date of this report; the \$12,535,000 Series 2001 Bonds are due to be called and redeemed on June 1, 2011.

On September 13, 2010, the Village issued \$945,000 General Obligation Refunding Bond Series 2010D to currently refund \$895,000 of the General Obligation Bond Series 2000B due on December 1, 2011 through 2015. The reacquisition price exceeded the net carrying value of the old debt by \$22,660. 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 \$88,835 and a reduction of \$91,390 in future debt service payments. The refunded bonds have been fully called and redeemed as of the date of this report.

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

5. LONG-TERM DEBT (Continued)

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.

f. Tax Increment Financing Redevelopment Note Disclosures

Limited Obligation Redevelopment Notes - The Series 2006B Limited Obligation Redevelopment Notes were issued in conjunction with Downtown Redevelopment Projects. The ordinance authorizing the issuance of this obligation provided that this instrument was payable solely from the incremental property taxes generated from the subject project's parcel, if any. As such, there is no established principal and interest schedule.

g. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2010 was as follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
General obligation bonds	\$ 83,303,077	\$ 32,158,385	\$ 18,855,470	\$ 96,605,992	\$ 5,692,909
TIF notes	148,548	-	10,565	137,983	-
Net pension obligation*	1,213,852	24,373	-	1,238,225	-
Net OPEB obligation*	449,820	124,597	-	574,417	-
Compensated absences*	1,655,107	660,382	320,825	1,994,664	399,655
Total	86,770,404	32,967,737	19,186,860	100,551,281	6,092,564
Less deferred amounts					
Unamortized bond discount	(74,865)	-	(5,480)	(69,385)	-
Unamortized bond premium	213,555	879,220	96,995	995,780	-
Unamortized loss on refunding	(158,475)	(578,550)	(67,935)	(669,090)	-
Total deferred amounts	(19,785)	300,670	23,580	257,305	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 86,750,619</b>	<b>\$ 33,268,407</b>	<b>\$ 19,210,440</b>	<b>\$100,808,586</b>	<b>\$ 6,092,564</b>

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

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

5. LONG-TERM DEBT (Continued)

g. Changes in Long-Term Liabilities (Continued)

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
<b>BUSINESS-TYPE ACTIVITIES</b>					
General obligation bonds					
Water Fund	\$ 4,351,975	\$ 321,740	\$ 1,245,260	\$ 3,428,455	\$ 902,695
Sewer Fund	12,377,280	7,119,875	7,827,620	11,669,535	741,645
General obligation capital appreciation bonds					
Water Fund	4,438,478	319,706	-	4,758,184	-
Sewer Fund	182,183	13,120	-	195,303	-
Compensated absences					
Water Fund	75,862	30,179	15,195	90,846	18,190
Sewer Fund	15,492	2,077	3,115	14,454	2,910
<b>Total</b>	<b>21,441,270</b>	<b>7,806,697</b>	<b>9,091,190</b>	<b>20,156,777</b>	<b>1,665,440</b>
Less deferred amounts					
Unamortized bond discount	(23,800)	-	(1,260)	(22,540)	-
Unamortized bond premium	67,135	271,860	23,800	315,195	-
Unamortized loss on refunding	-	(150,875)	(6,300)	(144,575)	-
<b>Total deferred amounts</b>	<b>43,335</b>	<b>120,985</b>	<b>16,240</b>	<b>148,080</b>	<b>-</b>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 21,484,605</b>	<b>\$ 7,927,682</b>	<b>\$ 9,107,430</b>	<b>\$ 20,304,857</b>	<b>\$ 1,665,440</b>

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.

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

6. RISK MANAGEMENT (Continued)

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

	Medical Benefits	Workers' Compensation	General Liability	Totals
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
Claims incurred - 2010	3,093,676	688,781	87,602	3,870,059
Claims payments - 2010	(3,088,676)	(623,155)	(205,311)	(3,917,142)
UNPAID CLAIMS,				
DECEMBER 31, 2010	\$ 255,000	\$ 321,520	\$ 57,456	\$ 633,976

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.

7. CONTINGENT LIABILITIES (Continued)

c. Northwest Water Commission (NWWC)

The Village has committed to purchase water from 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 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 2011 is \$1,360,613. This is based on an estimated tipping fee of \$50.50 per ton for 26,944 tons.

The Village's estimated payment of fixed costs for 2011 is \$116,095. This amount has been estimated using the Village's current allocation percentage of 10.12%. In future years this allocation percentage will be subject to change. The Village is obligated to pay its allocable share of fixed costs of SWANCC through December 31, 2015.

8. JOINT VENTURES

Solid Waste Agency of Northern Cook County (SWANCC)

The Village is a member of 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.



8. JOINT VENTURES (Continued)

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

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 \$1,392,520 to SWANCC in 2010. The payments have been recorded in the Refuse Collection Fund. The Village does not have an equity interest in SWANCC at December 31, 2010.

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.

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

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8. JOINT VENTURES (Continued)

Northwest Water Commission (NWWC) (Continued)

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 \$2,525,469 to NWWC for 2010. The Village's equity interest in NWWC was \$11,460,551 at December 31, 2010. The Village's net investment and its share of the operating results of NWWC are recorded in the Village's Waterworks Fund.

9. INDIVIDUAL FUND DISCLOSURES

a. Due From/To Other Funds

Due from/to fiduciary funds at December 31, 2010 consisted of the following:

Receivable Fund		Payable Fund	Amount
Fiduciary			
Police Pension	General		\$ 320,967
Firefighters' Pension	General		244,004
TOTAL			<u>\$ 564,971</u>

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

9. INDIVIDUAL FUND DISCLOSURES (Continued)

a. Due From/To Other Funds (Continued)

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

- \$564,971 is payable by the General Fund to the Pension Funds for taxes received after year end.

b. Advances From/To Other Funds

Advances from/to other funds at December 31, 2010 consisted of the following:

Receivable Fund	Payable Fund	Amount
Major Governmental		
General	Downtown TIF	\$ 6,022,920
Nonmajor Governmental	Fiduciary	
Capital Improvement	Special Service Area #4	12,208
TOTAL		<u>\$ 6,035,128</u>

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

- \$6,022,920 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.
- \$12,208 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.

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.

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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, 2010, membership consisted of:

Retirees and beneficiaries currently receiving benefits	31
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>294</u>
<b>TOTAL</b>	<u><b>325</b></u>
Participating employers	<u><u>1</u></u>

d. Funding Policy

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

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, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2010 was as follows:

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

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2008	\$ 228,017	\$ 49,644	21.80%	\$ 325,293
December 31, 2009	192,149	67,622	35.20%	449,820
December 31, 2010	259,823	135,226	52.05%	574,417

The net OPEB obligation as of December 31, 2010 was calculated as follows:

Annual required contribution	\$ 219,256
Interest on net OPEB obligation	24,117
Adjustment to annual required contribution	<u>16,450</u>
Annual OPEB cost	259,823
Contributions made	<u>135,226</u>
Increase in net OPEB obligation	124,597
Net OPEB obligation, beginning of year	<u>449,820</u>
NET OPEB OBLIGATION, END OF YEAR	<u><u>\$ 574,417</u></u>

Funded Status and Funding Progress: The funded status and funding progress of the Plan as of December 31, 2010 was as follows:

Actuarial accrued liability (AAL)	\$ 3,316,449
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	3,316,449
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 12,966,463
UAAL as a percentage of covered payroll	25.28%

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.

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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, 2010 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, 2010 was 30 years.

## 11. EMPLOYEE RETIREMENT SYSTEMS

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and the Firefighters' Pension Plan which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports on the pension plans. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

### a. Plan Descriptions

#### Illinois Municipal Retirement Fund

All employees (other than those covered by the Police or Firefighters' 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 2010 was 14.07% 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, 2010, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	47
Terminated employees entitled to benefits but not yet receiving them	3
Current employees	
Vested	83
Nonvested	30
	<hr/>
TOTAL	163
	<hr/>

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, 2010, the Village's contribution was 28.78% of covered payroll.

Effective January 1, 2011, as a result of Illinois Public Act 096-1495, the Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Fund.

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, 2010, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	55
Terminated employees entitled to benefits but not yet receiving them	1
Current employees	
Vested	54
Nonvested	40
	<hr/>
TOTAL	<hr/> <hr/> 150



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, 2010, the Village's contribution was 27.92% of covered payroll.

Effective January 1, 2011, as a result of Illinois Public Act 096-1495, the Village has until the year 2040 to fund 90% of the past service cost for the Firefighters' Pension Fund.

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.

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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.

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, 2008	January 1, 2010	January 1, 2010
Actuarial cost method	Entry-age Normal	Entry-age Normal	Entry-age Normal
Asset valuation method	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market
Amortization method	Level Percentage of Payroll	Level Dollar	Level Dollar
Amortization period	30 Years, Open	27 Years, Closed	27 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, 2010 were as follows:

	Police Pension	Firefighters' Pension
Annual required contribution	\$ 2,685,568	\$ 2,065,574
Interest on net pension obligation	157,302	90,127
Adjustment to annual required contributions	(162,559)	(93,138)
Annual pension cost	2,680,311	2,062,563
Contributions made	2,685,585	2,032,916
Increase (decrease) in net pension obligation	(5,274)	29,647
Net pension obligation, beginning of year	989,051	224,801
NET PENSION OBLIGATION, END OF YEAR	\$ 983,777	\$ 254,448

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)	2008	\$ 1,268,107	\$ 1,694,217	\$ 1,166,268
	2009	1,279,291	1,725,916	1,175,761
	2010	1,535,559	2,680,311	2,062,563
Actual contribution	2008	\$ 1,268,107	\$ 1,792,538	\$ 1,417,414
	2009	1,279,291	1,839,264	1,259,881
	2010	1,535,559	2,685,585	2,032,916
Percentage of APC contributed	2008	100.00%	105.80%	121.53%
	2009	100.00%	106.57%	107.15%
	2010	100.00%	100.20%	98.56%
NPO (asset)	2008	\$ -	\$ 1,102,399	\$ 308,921
	2009	-	989,051	224,801
	2010	-	983,777	254,448

f. Funded Status and Funding Progress

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial valuation date	December 31, 2008	January 1, 2010	January 1, 2010
Actuarial accrued liability (AAL)	\$ 31,737,799	\$ 65,273,187	\$ 63,937,038
Actuarial value of plan assets	21,197,915	41,716,450	48,069,222
Unfunded actuarial accrued liability (UAAL)	10,539,884	23,556,737	15,867,816
Funded ratio (actuarial value of plan assets/AAL)	66.79%	63.91%	75.18%
Covered payroll (active plan members)	\$ 10,913,712	\$ 9,332,860	\$ 7,280,109
UAAL as a percentage of covered payroll	96.57%	252.41%	217.96%

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, 2010

	Police Pension	Firefighters' Pension	Total
<b>ASSETS</b>			
Cash and short-term investments	\$ 1,738,110	\$ 1,064,783	\$ 2,802,893
Investments			
U.S. Treasury securities	8,485,669	22,965,082	31,450,751
U.S. agency securities	10,977,291	1,839,486	12,816,777
Money market mutual funds	4,055,275	246,790	4,302,065
Equities	14,395,240	18,584,004	32,979,244
Receivables			
Accrued interest	76,173	84,667	160,840
Due from general fund	320,967	244,004	564,971
Total assets	40,048,725	45,028,816	85,077,541
<b>LIABILITIES</b>			
None	-	-	-
Total liabilities	-	-	-
<b>NET ASSETS</b>	<b>\$ 40,048,725</b>	<b>\$ 45,028,816</b>	<b>\$ 85,077,541</b>

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

12. PENSION TRUST FUNDS (Continued)

b. Schedule of Changes in Net Assets for the year ended December 31, 2010.

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 2,685,585	\$ 2,032,916	\$ 4,718,501
Employee	984,353	884,241	1,868,594
Total contributions	3,669,938	2,917,157	6,587,095
Investment income			
Net appreciation in fair value of investments	3,118,508	3,026,415	6,144,923
Interest income	818,994	848,409	1,667,403
Less investment expense	(218,558)	(149,032)	(367,590)
Net investment income	3,718,944	3,725,792	7,444,736
Total additions	7,388,882	6,642,949	14,031,831
DEDUCTIONS			
Administrative	30,613	9,584	40,197
Pension benefits and refunds	2,274,300	2,634,344	4,908,644
Total deductions	2,304,913	2,643,928	4,948,841
NET INCREASE	5,083,969	3,999,021	9,082,990
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
January 1	34,964,756	41,029,795	75,994,551
December 31	\$ 40,048,725	\$ 45,028,816	\$ 85,077,541

## 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, 2010

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes	\$ 34,576,220	\$ 34,576,220	\$ 33,226,384
Licenses and permits	3,340,100	3,340,100	3,112,015
Intergovernmental	6,874,565	6,991,923	6,675,206
Charges for services	1,780,300	1,780,300	1,768,925
Fines and forfeits	1,677,700	1,677,700	1,239,105
Investment income	150,000	150,000	248,896
Miscellaneous	252,100	299,550	378,982
Total revenues	48,650,985	48,815,793	46,649,513
<b>EXPENDITURES</b>			
General government	8,542,445	8,307,636	7,713,816
Public safety	33,535,760	33,551,636	33,445,430
Public works	6,273,815	6,339,587	6,290,597
Total expenditures	48,352,020	48,198,859	47,449,843
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	298,965	616,934	(800,330)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	65,000	65,000
Transfers (out)	(284,980)	-	-
Total other financing sources (uses)	(284,980)	65,000	65,000
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 13,985</u>	<u>\$ 681,934</u>	(735,330)
<b>FUND BALANCE, JANUARY 1</b>			<u>16,506,028</u>
<b>FUND BALANCE, DECEMBER 31</b>			<u><u>\$ 15,770,698</u></u>

(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, 2010

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes			
Incremental property taxes	\$ 5,500,000	\$ 5,500,000	\$ 6,090,100
Intergovernmental	157,705	157,705	2,561,081
Investment income	25,000	25,000	11,331
Miscellaneous	-	3,188,250	40,122
Total revenues	5,682,705	8,870,955	8,702,634
<b>EXPENDITURES</b>			
Economic development			
Administration	50,000	378,165	378,163
Project expenditures	554,000	2,623,066	2,360,201
Land acquisition	-	1,951,633	132,320
Debt service			
Principal payments	2,818,350	2,818,350	2,818,915
Interest and fiscal charges	2,096,705	1,978,360	2,126,000
Total expenditures	5,519,055	9,749,574	7,815,599
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	163,650	(878,619)	887,035
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond proceeds	-	12,555,000	12,555,000
Premium on issuance of bonds	-	-	693,945
Payment to escrow agent	-	(12,555,000)	(13,094,336)
Total other financing sources (uses)	-	-	154,609
NET CHANGE IN FUND BALANCE	\$ 163,650	\$ (878,619)	1,041,644
FUND BALANCE, JANUARY 1			14,151,572
FUND BALANCE, DECEMBER 31			\$ 15,193,216

(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, 2010

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes			
Incremental property taxes	\$ 3,200,000	\$ 3,200,000	\$ 2,614,632
Investment income	10,000	10,000	3,101
Miscellaneous income	-	-	9,293
Total revenues	3,210,000	3,210,000	2,627,026
<b>EXPENDITURES</b>			
Economic development			
Administration	-	9,100	9,088
Arlington Toyota project	400,000	15,000	13,856
Roadway improvements	-	1,200	1,200
Harley Davidson project	775,000	574,645	574,526
Thrifty Car sales project	-	1,000	963
Menards site	-	40,000	38,953
Sonic redevelopment	75,000	75,000	75,000
Debt service			
Principal	978,925	465,000	465,000
Interest and fiscal charges	975,165	989,605	988,345
Total expenditures	3,204,090	2,170,550	2,166,931
NET CHANGE IN FUND BALANCE	\$ 5,910	\$ 1,039,450	460,095
FUND BALANCE, JANUARY 1			11,202,740
FUND BALANCE, DECEMBER 31			\$ 11,662,835

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS  
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2010

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)
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%
2010	21,197,915	31,737,799	66.79%	10,539,884	10,913,712	96.57%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS  
SCHEDULE OF FUNDING PROGRESS  
POLICE PENSION FUND

December 31, 2010

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)
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%
2010	41,716,450	65,273,187	63.91%	23,556,737	9,332,860	252.41%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS  
SCHEDULE OF FUNDING PROGRESS  
FIREFIGHTERS' PENSION FUND

December 31, 2010

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)
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%
2010	48,069,222	63,937,038	75.18%	15,867,816	7,280,109	217.96%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFITS PLAN

December 31, 2010

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Actuarial Valuation Date January 1,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Percentage Funded (1) / (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Underfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
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%
2010	-	3,316,449	0.00%	3,316,449	12,966,463	25.58%

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

(See independent auditor's report.)

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

December 31, 2010

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<u>Calendar Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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%
2010	1,535,559	1,535,559	100.00%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION FUND

December 31, 2010

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<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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%
2010	2,685,585	2,685,568	100.00%

(See independent auditor's report.)



VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FIREFIGHTERS' PENSION FUND

December 31, 2010

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<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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%
2010	2,032,916	2,065,574	98.42%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFITS PLAN

December 31, 2010

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<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%
2010	135,226	219,256	61.67%

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

VILLAGE OF PALATINE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2010

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STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

a. Budgetary Information

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

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. A budget is not prepared for the Federal Equitable Sharing Fund.

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
General Obligation Bond Fund	\$ 3,363,840	\$ 3,437,392
Central Equipment Fund	1,809,455	1,867,636
Foreign Fire Tax Fund	71,000	77,902
Community Development Block Grant Fund	828,205	925,396
State Equitable Sharing Fund	21,000	21,095
Energy Efficiency and Conservation Block Recovery Grant Fund	13,299	13,300
Special Police Grant Fund	59,912	59,915

## Nonmajor Governmental Funds

VILLAGE OF PALATINE, ILLINOIS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2010

	Special Revenue	Debt Service Tax Increment Revenue Refunding Bond Series of 1998	Capital Projects	Total Nonmajor Governmental
<b>ASSETS</b>				
Cash and investments	\$ 535,964	\$ 4,244,900	\$ 11,081,422	\$ 15,862,286
Property taxes receivable	-	29,598	-	29,598
Due from other governments	309,624	-	678,574	988,198
Advance to fiduciary fund	-	-	12,208	12,208
<b>TOTAL ASSETS</b>	<b>\$ 845,588</b>	<b>\$ 4,274,498</b>	<b>\$ 11,772,204</b>	<b>\$ 16,892,290</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 162,241	\$ -	\$ 243,211	\$ 405,452
Other deferred revenue	-	-	127,021	127,021
<b>Total liabilities</b>	<b>162,241</b>	<b>-</b>	<b>370,232</b>	<b>532,473</b>
<b>FUND BALANCES</b>				
Reserved for advances	-	-	12,208	12,208
Reserved for maintenance of roadways	287,280	-	-	287,280
Reserved for debt service	-	4,274,498	-	4,274,498
Reserved for special projects	1,600	-	11,389,764	11,391,364
Reserved for public safety	394,467	-	-	394,467
<b>Total fund balances</b>	<b>683,347</b>	<b>4,274,498</b>	<b>11,401,972</b>	<b>16,359,817</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 845,588</b>	<b>\$ 4,274,498</b>	<b>\$ 11,772,204</b>	<b>\$ 16,892,290</b>

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, 2010

	Special Revenue	Debt Service Tax Increment Revenue Refunding Bond Series of 1998	Capital Projects	Total Nonmajor Governmental
REVENUES				
Taxes	\$ -	\$ 2,695,814	\$ 2,796,032	\$ 5,491,846
Intergovernmental	3,321,161	-	81,136	3,402,297
Charges for services	-	-	70,811	70,811
Fines and forfeits	17,044	-	-	17,044
Investment income	946	8,470	21,114	30,530
Miscellaneous	-	-	242,003	242,003
Total revenues	3,339,151	2,704,284	3,211,096	9,254,531
EXPENDITURES				
Current				
Public safety	193,232	-	-	193,232
Public works	1,960,271	-	-	1,960,271
Economic development	144,207	3,100,000	-	3,244,207
Capital outlay	802,038	-	3,972,094	4,774,132
Total expenditures	3,099,748	3,100,000	3,972,094	10,171,842
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	239,403	(395,716)	(760,998)	(917,311)
OTHER FINANCING SOURCES (USES)				
Bonds issued, at par	-	-	2,980,000	2,980,000
Proceeds from sale of capital assets	-	-	61,483	61,483
Transfers (out)	-	-	(65,000)	(65,000)
Total other financing sources (uses)	-	-	2,976,483	2,976,483
NET CHANGE IN FUND BALANCES	239,403	(395,716)	2,215,485	2,059,172
FUND BALANCES, JANUARY 1	443,944	4,670,214	9,186,487	14,300,645
FUND BALANCES, DECEMBER 31	\$ 683,347	\$ 4,274,498	\$ 11,401,972	\$ 16,359,817

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.

**EOC Grant Fund** - to account for the expenditure of EOC Grant funds received from the federal government in relation to public safety operations.

**Special Police Grant Fund** - to account for various police related grant revenues and expenditures.

VILLAGE OF PALATINE, ILLINOIS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2010

	Community Development Block Grant	Motor Fuel Tax	Federal Equitable Sharing	State Equitable Sharing
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 164,662	\$ 149,042	\$ 50,314
Due from other governments	126,528	145,240	3,536	-
<b>TOTAL ASSETS</b>	<b>\$ 126,528</b>	<b>\$ 309,902</b>	<b>\$ 152,578</b>	<b>\$ 50,314</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 126,528	\$ 22,622	\$ -	\$ -
<b>Total liabilities</b>	<b>126,528</b>	<b>22,622</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Reserved for maintenance of roadways	-	287,280	-	-
Reserved for special projects	-	-	-	-
Reserved for public safety	-	-	152,578	50,314
<b>Total fund balances</b>	<b>-</b>	<b>287,280</b>	<b>152,578</b>	<b>50,314</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 126,528</b>	<b>\$ 309,902</b>	<b>\$ 152,578</b>	<b>\$ 50,314</b>



DUI Fines	Foreign Fire Tax	Community Development Block Recovery Grant	Energy Efficiency and Conservation Block Recovery Grant	Economic Opportunity Commission Grant	Special Police Grant	Total
\$ 75,771	\$ 85,399	\$ -	\$ 1,600	\$ (21,229)	\$ 30,405	\$ 535,964
-	-	-	-	34,320	-	309,624
\$ 75,771	\$ 85,399	\$ -	\$ 1,600	\$ 13,091	\$ 30,405	\$ 845,588
\$ -	\$ -	\$ -	\$ -	\$ 13,091	\$ -	\$ 162,241
-	-	-	-	13,091	-	162,241
-	-	-	-	-	-	287,280
-	-	-	1,600	-	-	1,600
75,771	85,399	-	-	-	30,405	394,467
75,771	85,399	-	1,600	-	30,405	683,347
\$ 75,771	\$ 85,399	\$ -	\$ 1,600	\$ 13,091	\$ 30,405	\$ 845,588

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, 2010

	Community Development Block Grant	Motor Fuel Tax	Federal Equitable Sharing	State Equitable Sharing
REVENUES				
Intergovernmental	\$ 925,396	\$ 2,070,824	\$ 85,348	\$ 25,527
Fines and forfeits	-	-	-	-
Investment income	-	575	112	57
Total revenues	925,396	2,071,399	85,460	25,584
EXPENDITURES				
Current				
Public safety	-	-	-	21,095
Public works	-	1,946,971	-	-
Economic development	144,207	-	-	-
Capital outlay	781,189	-	-	-
Total expenditures	925,396	1,946,971	-	21,095
NET CHANGE IN FUND BALANCE	-	124,428	85,460	4,489
FUND BALANCES, JANUARY 1	-	162,852	67,118	45,825
FUND BALANCES, DECEMBER 31	\$ -	\$ 287,280	\$ 152,578	\$ 50,314

DUI Fines	Foreign Fire Tax	Community Development Block Recovery Grant	Energy Efficiency and Conservation Block Recovery Grant	EOC Grant	Special Police Grant	Total
\$ -	\$ 67,879	\$ 16,649	\$ 4,900	\$ 34,320	\$ 90,318	\$ 3,321,161
17,044	-	-	-	-	-	17,044
83	117	-	-	-	2	946
17,127	67,996	16,649	4,900	34,320	90,320	3,339,151
-	77,902	-	-	34,320	59,915	193,232
-	-	-	13,300	-	-	1,960,271
-	-	-	-	-	-	144,207
4,200	-	16,649	-	-	-	802,038
4,200	77,902	16,649	13,300	34,320	59,915	3,099,748
12,927	(9,906)	-	(8,400)	-	30,405	239,403
62,844	95,305	-	10,000	-	-	443,944
\$ 75,771	\$ 85,399	\$ -	\$ 1,600	\$ -	\$ 30,405	\$ 683,347

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, 2010

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Grants	\$ 412,025	\$ 414,735	\$ 925,396
Total revenues	412,025	414,735	925,396
EXPENDITURES			
Economic development			
Administrative services	82,405	82,405	82,404
Social service agencies	61,805	61,805	61,803
Capital outlay	267,815	683,995	781,189
Total expenditures	412,025	828,205	925,396
NET CHANGE IN FUND BALANCE	\$ -	\$ (413,470)	-
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, 2010

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Motor fuel tax allotment	\$ 1,886,240	\$ 1,886,240	\$ 2,070,824
Investment income	-	-	575
Total revenues	1,886,240	1,886,240	2,071,399
EXPENDITURES			
Public works			
Highways and streets			
Road resurfacing	1,252,425	1,525,781	1,525,782
Residential street rehab	811,665	423,564	421,189
Total expenditures	2,064,090	1,949,345	1,946,971
NET CHANGE IN FUND BALANCE	\$ (177,850)	\$ (63,105)	124,428
FUND BALANCE, JANUARY 1			162,852
FUND BALANCE, DECEMBER 31			\$ 287,280

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental	\$ -	\$ 21,000	\$ 25,527
Investment income	-	-	57
Total revenues	-	21,000	25,584
EXPENDITURES			
Public safety			
Other supplies and services	-	21,000	21,095
Total expenditures	-	21,000	21,095
NET CHANGE IN FUND BALANCE	\$ -	\$ -	4,489
FUND BALANCE, JANUARY 1			45,825
FUND BALANCE, DECEMBER 31			\$ 50,314

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
REVENUES			
Fines and forfeits	\$ -	\$ 16,000	\$ 17,044
Investment income	-	-	83
Total revenues	-	16,000	17,127
EXPENDITURES			
Capital outlay			
Small tools and equipment	-	16,000	4,200
Total expenditures	-	16,000	4,200
NET CHANGE IN FUND BALANCE	\$ -	\$ -	12,927
FUND BALANCE, JANUARY 1			62,844
FUND BALANCE, DECEMBER 31			\$ 75,771

(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, 2010

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental	\$ -	\$ 68,000	\$ 67,879
Investment income	-	-	117
Total revenues	-	68,000	67,996
EXPENDITURES			
Public safety			
Other supplies	-	71,000	77,902
Total expenditures	-	71,000	77,902
NET CHANGE IN FUND BALANCE	\$ -	\$ (3,000)	(9,906)
FUND BALANCE, JANUARY 1			95,305
FUND BALANCE, DECEMBER 31			\$ 85,399

(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, 2010

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental	\$ -	\$ 23,845	\$ 16,649
Total revenues	-	23,845	16,649
EXPENDITURES			
Capital outlay			
Brentwood valve/hydrant replacement	-	23,845	16,649
Total expenditures	-	23,845	16,649
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-
FUND BALANCE, JANUARY 1			<u>-</u>
FUND BALANCE, DECEMBER 31			<u>\$ -</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
ENERGY EFFICIENCY AND CONSERVATION BLOCK RECOVERY GRANT FUND

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental	\$ -	\$ 604,500	\$ 4,900
Total revenues	-	604,500	4,900
EXPENDITURES			
Current			
Public works	-	13,299	13,300
Total expenditures	-	13,299	13,300
NET CHANGE IN FUND BALANCE	\$ -	\$ 591,201	(8,400)
FUND BALANCE, JANUARY 1			10,000
FUND BALANCE, DECEMBER 31			\$ 1,600

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental	\$ -	\$ 70,075	\$ 34,320
Total revenues	-	70,075	34,320
EXPENDITURES			
Current			
Public Safety	-	34,320	34,320
Total expenditures	-	34,320	34,320
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 35,755</u>	-
FUND BALANCE, JANUARY 1			<u>-</u>
FUND BALANCE, DECEMBER 31			<u><u>\$ -</u></u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental	\$ -	\$ 90,315	\$ 90,318
Investment income	-	-	2
Total revenues	-	90,315	90,320
EXPENDITURES			
Current			
Public safety	-	59,912	59,915
Total expenditures	-	59,912	59,915
NET CHANGE IN FUND BALANCE	\$ -	\$ 30,403	30,405
FUND BALANCE, JANUARY 1			-
FUND BALANCE, DECEMBER 31			\$ 30,405

(See independent auditor's report.)

## Nonmajor Debt Service Fund

**Tax Increment Revenue Refunding Bond Series of 1998 Fund** - to account 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 taxes.

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, 2010

	Original Budget	Final Budget	Actual
REVENUES			
Property taxes	\$ 3,861,270	\$ 3,861,270	\$ 2,695,814
Investment income	25,000	25,000	8,470
Total revenues	3,886,270	3,886,270	2,704,284
EXPENDITURES			
Current			
Economic development - Surplus distribution	3,886,270	3,886,270	3,100,000
Total expenditures	3,886,270	3,886,270	3,100,000
NET CHANGE IN FUND BALANCE	\$ -	\$ -	(395,716)
FUND BALANCE, JANUARY 1			4,670,214
FUND BALANCE, DECEMBER 31			\$ 4,274,498

(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.

**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, 2010

	Capital Improvement	Capital Equipment Acquisition	Special Service Area #5	Fire Facility Construction	Total
<b>ASSETS</b>					
Cash and investments	\$ 4,228,118	\$ 4,189,826	\$ 849,147	\$ 1,814,331	\$ 11,081,422
Due from other governments	452,383	226,191	-	-	678,574
Advances to fiduciary funds	12,208	-	-	-	12,208
<b>TOTAL ASSETS</b>	<b>\$ 4,692,709</b>	<b>\$ 4,416,017</b>	<b>\$ 849,147</b>	<b>\$ 1,814,331</b>	<b>\$ 11,772,204</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 5,444	\$ 5,555	\$ -	\$ 232,212	\$ 243,211
Other deferred revenue	105,979	21,042	-	-	127,021
<b>Total liabilities</b>	<b>111,423</b>	<b>26,597</b>	<b>-</b>	<b>232,212</b>	<b>370,232</b>
<b>FUND BALANCES</b>					
Reserved for advances	12,208	-	-	-	12,208
Reserved for special projects	4,569,078	4,389,420	849,147	1,582,119	11,389,764
<b>Total fund balances</b>	<b>4,581,286</b>	<b>4,389,420</b>	<b>849,147</b>	<b>1,582,119</b>	<b>11,401,972</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,692,709</b>	<b>\$ 4,416,017</b>	<b>\$ 849,147</b>	<b>\$ 1,814,331</b>	<b>\$ 11,772,204</b>

See accompanying notes to financial statements.



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

For the Year Ended December 31, 2010

	Capital Improvement	Capital Equipment Acquisition	Special Service Area #5	Fire Facility Construction	Total
REVENUES					
Taxes	\$ 1,864,022	\$ 932,010	\$ -	\$ -	\$ 2,796,032
Charges for services	70,811	-	-	-	70,811
Investment income	10,624	9,452	278	760	21,114
Intergovernmental	81,136	-	-	-	81,136
Miscellaneous	23,490	218,513	-	-	242,003
Total revenues	2,050,083	1,159,975	278	760	3,211,096
EXPENDITURES					
Capital outlay	881,456	1,205,563	593,209	1,291,866	3,972,094
Total expenditures	881,456	1,205,563	593,209	1,291,866	3,972,094
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,168,627	(45,588)	(592,931)	(1,291,106)	(760,998)
OTHER FINANCING SOURCES (USES)					
Bonds issued, at par	-	-	-	2,980,000	2,980,000
Proceeds from the sale of capital assets	-	61,483	-	-	61,483
Transfers (out)	(65,000)	-	-	-	(65,000)
Total other financing sources (uses)	(65,000)	61,483	-	2,980,000	2,976,483
NET CHANGE IN FUND BALANCES	1,103,627	15,895	(592,931)	1,688,894	2,215,485
FUND BALANCES (DEFICIT), JANUARY 1	3,477,659	4,373,525	1,442,078	(106,775)	9,186,487
FUND BALANCES, DECEMBER 31	\$ 4,581,286	\$ 4,389,420	\$ 849,147	\$ 1,582,119	\$ 11,401,972

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, 2010

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes			
Telecommunications tax	\$ 1,979,670	\$ 1,979,670	\$ 1,864,022
Charges for services			
50/50 cost sharing programs	80,000	80,000	45,236
Impact fees	-	-	25,575
Property owner contributions	5,800	5,800	-
Investment income	30,000	30,000	10,624
Intergovernmental	300,000	-	81,136
Miscellaneous			
Other	-	23,490	23,490
Total revenues	2,395,470	2,118,960	2,050,083
<b>EXPENDITURES</b>			
Capital outlay			
Village facilities	422,500	355,955	268,153
Road improvements	927,825	575,771	427,578
Sidewalks	240,000	207,590	177,994
Gilbert Glade stormwater	-	39,588	7,731
Total expenditures	1,590,325	1,178,904	881,456
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	805,145	940,056	1,168,627
<b>OTHER FINANCING SOURCES (USES)</b>			
Bonds issued, at par	26,072,000	-	-
Transfers (out)	-	(65,000)	(65,000)
Total other financing sources (uses)	26,072,000	(65,000)	(65,000)
NET CHANGE IN FUND BALANCE	\$ 26,877,145	\$ 875,056	1,103,627
FUND BALANCE, JANUARY 1			3,477,659
FUND BALANCE, DECEMBER 31			\$ 4,581,286

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
CAPITAL IMPROVEMENT FUND

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
<b>CAPITAL OUTLAY</b>			
Village facilities			
Community Center maintenance	\$ 15,000	\$ 15,000	\$ -
Tree plant program	7,500	7,500	-
Sears site improvements	400,000	333,455	268,153
Total Village facilities	422,500	355,955	268,153
Road improvements			
Curb and gutter extensions	355,200	290,200	215,797
50/50 apron/curb/gutter improvements	113,800	112,783	68,983
Palatine Road reconstruction	-	13,963	13,963
Intersection improvements	20,000	20,000	3,210
Integral curb program	38,825	38,825	38,825
Street microsurfacing program	100,000	100,000	86,800
Gaslight replacement program	300,000	-	-
Total road improvements	927,825	575,771	427,578
Sidewalks	240,000	207,590	177,994
Gilbert Glade stormwater	-	39,588	7,731
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,590,325</b>	<b>\$ 1,178,904</b>	<b>\$ 881,456</b>

(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, 2010

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes			
Telecommunications	\$ 1,040,000	\$ 1,040,000	\$ 932,010
Investment income	5,000	5,000	9,452
Miscellaneous			
Rental income	184,000	184,000	218,513
Total revenues	1,229,000	1,229,000	1,159,975
<b>EXPENDITURES</b>			
Capital outlay			
Motor vehicles	618,000	618,000	500,884
Communications/technology	235,500	775,594	669,498
Operating equipment	51,500	51,500	35,181
Total expenditures	905,000	1,445,094	1,205,563
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	324,000	(216,094)	(45,588)
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	50,000	50,000	61,483
Total other financing sources (uses)	50,000	50,000	61,483
NET CHANGE IN FUND BALANCE	\$ 374,000	\$ (166,094)	15,895
FUND BALANCE, JANUARY 1			4,373,525
FUND BALANCE, DECEMBER 31			\$ 4,389,420

(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, 2010

	Original Budget	Final Budget	Actual
CAPITAL OUTLAY			
Motor vehicles			
Public works vehicle replacement	\$ 495,000	\$ 495,000	\$ 382,474
Police and administrative vehicle replacement	123,000	123,000	118,410
Total motor vehicles	618,000	618,000	500,884
Communications/technology			
Computer hardware and software	103,000	646,344	580,059
GIS program	2,000	2,000	-
Public safety communication equipment	130,500	127,250	89,439
Total communications/technology	235,500	775,594	669,498
Operating equipment			
Other operating equipment	34,000	34,000	28,629
Public works equipment replacement	17,500	17,500	6,552
Total operating equipment	51,500	51,500	35,181
TOTAL EXPENDITURES	\$ 905,000	\$ 1,445,094	\$ 1,205,563

(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, 2010

	Original Budget	Final Budget	Actual
REVENUES			
Investment income	\$ -	\$ -	\$ 278
Total revenues	-	-	278
EXPENDITURES			
Capital outlay			
Operating equipment	-	593,209	593,209
Total expenditures	-	593,209	593,209
NET CHANGE IN FUND BALANCE	\$ -	\$ (593,209)	(592,931)
FUND BALANCE, JANUARY 1			1,442,078
FUND BALANCE, DECEMBER 31			\$ 849,147

(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, 2010

	Original Budget	Final Budget	Actual
REVENUES			
Investment income	\$ -	\$ -	\$ 760
Total revenues	-	-	760
EXPENDITURES			
Capital outlay			
Land acquisition	-	-	1,137
Engineering	-	168,973	167,837
Construction	-	1,122,892	1,122,892
Total expenditures	-	1,291,865	1,291,866
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(1,291,865)	(1,291,106)
OTHER FINANCING SOURCES (USES)			
Bonds issued, at par	-	2,980,000	2,980,000
Total other financing sources (uses)	-	2,980,000	2,980,000
NET CHANGE IN FUND BALANCE	\$ -	\$ 1,688,135	1,688,894
FUND BALANCE (DEFICIT), JANUARY 1			(106,775)
FUND BALANCE, DECEMBER 31			\$ 1,582,119

(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, 2010

	Central Equipment	Health Insurance	Casualty and Liability Insurance	Total
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 87,134	\$ 3,841,898	\$ 2,935,214	\$ 6,864,246
Receivables				
Other	12,942	-	12,288	25,230
Interest	-	1,675	1,340	3,015
Inventories	200,905	-	-	200,905
Prepaid items	-	97,016	-	97,016
<b>Total current assets</b>	<b>300,981</b>	<b>3,940,589</b>	<b>2,948,842</b>	<b>7,190,412</b>
<b>CURRENT LIABILITIES</b>				
Accounts payable	60,388	414,493	10,568	485,449
Accrued payroll	12,510	-	-	12,510
Unearned revenue	-	3,750	-	3,750
Claims payable	-	255,000	378,976	633,976
<b>Total current liabilities</b>	<b>72,898</b>	<b>673,243</b>	<b>389,544</b>	<b>1,135,685</b>
<b>LONG-TERM LIABILITIES</b>				
Compensated absences payable	61,480	-	-	61,480
<b>Total liabilities</b>	<b>134,378</b>	<b>673,243</b>	<b>389,544</b>	<b>1,197,165</b>
<b>NET ASSETS</b>				
Unrestricted	166,603	3,267,346	2,559,298	5,993,247
<b>TOTAL NET ASSETS</b>	<b>\$ 166,603</b>	<b>\$ 3,267,346</b>	<b>\$ 2,559,298</b>	<b>\$ 5,993,247</b>

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2010

	Central Equipment	Health Insurance	Casualty and Liability Insurance	Total
OPERATING REVENUES				
Intergovernmental	\$ 126,655	\$ -	\$ -	\$ 126,655
Charges for services	1,748,085	5,636,496	1,000,000	8,384,581
Miscellaneous	130,053	411	53,316	183,780
Total operating revenues	2,004,793	5,636,907	1,053,316	8,695,016
OPERATING EXPENSES EXCLUDING DEPRECIATION				
Costs of sales and services	1,867,636	5,416,894	897,797	8,182,327
Total operating expenses	1,867,636	5,416,894	897,797	8,182,327
OPERATING INCOME	137,157	220,013	155,519	512,689
NONOPERATING REVENUES (EXPENSES)				
Investment income	307	8,381	7,617	16,305
Total nonoperating revenues (expenses)	307	8,381	7,617	16,305
CHANGE IN NET ASSETS	137,464	228,394	163,136	528,994
NET ASSETS, JANUARY 1	29,139	3,038,952	2,396,162	5,464,253
NET ASSETS, DECEMBER 31	\$ 166,603	\$ 3,267,346	\$ 2,559,298	\$ 5,993,247

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2010

	Central Equipment	Health Insurance	Casualty and Liability Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from interfund services transactions	\$ 2,017,601	\$ 5,746,842	\$ 1,043,980	\$ 8,808,423
Payments to suppliers	(1,405,216)	(5,375,245)	(940,311)	(7,720,772)
Payments to employees	(514,507)	-	-	(514,507)
Net cash from operating activities	97,878	371,597	103,669	573,144
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers (out)	(11,051)	11,051	-	-
Net cash from noncapital financing activities	(11,051)	11,051	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
None	-	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	307	11,164	9,617	21,088
Net cash from investing activities	307	11,164	9,617	21,088
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	87,134	393,812	113,286	594,232
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	-	3,448,086	2,821,928	6,270,014
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 87,134</u>	<u>\$ 3,841,898</u>	<u>\$ 2,935,214</u>	<u>\$ 6,864,246</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income	\$ 137,157	\$ 220,013	\$ 155,519	\$ 512,689
Adjustments to reconcile operating income to net cash from operating activities				
(Increase) decrease in				
Other receivables	12,808	110,215	(9,336)	113,687
Prepaid items	-	(46,614)	-	(46,614)
Inventories	(5,820)	-	-	(5,820)
Increase (decrease) in				
Accounts payable	(44,401)	63,263	9,569	28,431
Claims payable	-	25,000	(52,083)	(27,083)
Accrued payroll	(8,805)	-	-	(8,805)
Unearned revenue	-	(280)	-	(280)
Compensated absences payable	6,939	-	-	6,939
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 97,878</u>	<u>\$ 371,597</u>	<u>\$ 103,669</u>	<u>\$ 573,144</u>

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, 2010

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Intergovernmental			
Park District facility charges	\$ 152,000	\$ 152,000	\$ 126,655
Charges for services			
Vehicle maintenance	1,748,085	1,748,085	1,748,085
Miscellaneous			
Refunds	13,000	13,000	13,734
Reimbursements	35,000	35,000	116,319
Total operating revenues	1,948,085	1,948,085	2,004,793
OPERATING EXPENSES			
Costs of sales and services			
Public works			
Building maintenance	16,260	16,260	11,645
Vehicle maintenance	1,793,195	1,793,195	1,855,991
Total operating expenses	1,809,455	1,809,455	1,867,636
OPERATING INCOME	138,630	138,630	137,157
NONOPERATING REVENUES (EXPENSES)			
Investment income	-	-	307
CHANGE IN NET ASSETS	\$ 138,630	\$ 138,630	137,464
NET ASSETS, JANUARY 1			29,139
NET ASSETS, DECEMBER 31			\$ 166,603

(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, 2010

	Original and Final Budget	Actual
OPERATING REVENUES		
Charges for services		
Insurance fees and premiums		
Retiree	\$ 247,200	\$ 381,200
COBRA	-	20,998
Employee	459,000	461,124
Employer	4,817,600	4,773,174
Miscellaneous income	-	411
Total operating revenues	5,523,800	5,636,907
OPERATING EXPENSES		
Administration	304,910	291,246
Insurance claims	5,378,740	5,124,652
Wellness program	3,020	996
Total operating expenses	5,686,670	5,416,894
OPERATING INCOME (LOSS)	(162,870)	220,013
NONOPERATING REVENUES (EXPENSES)		
Investment income	25,000	8,381
Total nonoperating revenues (expenses)	25,000	8,381
CHANGE IN NET ASSETS	<u>\$ (137,870)</u>	228,394
NET ASSETS, JANUARY 1		<u>3,038,952</u>
NET ASSETS, DECEMBER 31		<u>\$ 3,267,346</u>

(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, 2010

	Original and Final Budget	Actual
OPERATING REVENUES		
Charges for services		
Insurance fees and premiums	\$ 1,000,000	\$ 1,000,000
Miscellaneous		
Reimbursements	-	53,316
Total operating revenues	1,000,000	1,053,316
OPERATING EXPENSES		
Administration	146,860	103,359
Insurance claims	1,330,950	794,438
Total operating expenses	1,477,810	897,797
OPERATING INCOME (LOSS)	(477,810)	155,519
NONOPERATING REVENUES (EXPENSES)		
Investment income	7,500	7,617
CHANGE IN NET ASSETS	<u>\$ (470,310)</u>	163,136
NET ASSETS, JANUARY 1		<u>2,396,162</u>
NET ASSETS, DECEMBER 31		<u>\$ 2,559,298</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 Funds**

**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.

**Letters of Credit Escrow Funds** - to account for the Letter of Credit Escrow funds to complete certain projects for which the Village has no obligation.

## VILLAGE OF PALATINE, ILLINOIS

COMBINING BALANCE SHEET  
FIDUCIARY FUNDS

December 31, 2010

	Pension Trust		Total	
	Police	Firefighters'	Pension	Agency
	Pension	Pension	Trust	Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,738,110	\$ 1,064,783	\$ 2,802,893	\$ 858,119
Investments				
U.S. Treasury securities	8,485,669	22,965,082	31,450,751	-
U.S. agency securities	10,977,291	1,839,486	12,816,777	-
Money market mutual funds	4,055,275	246,790	4,302,065	-
Equities	14,395,240	18,584,004	32,979,244	-
Receivables				
Property taxes	-	-	-	727,030
Accrued interest	76,173	84,667	160,840	-
Due from general fund	320,967	244,004	564,971	-
Due from residents	-	-	-	12,208
<b>TOTAL ASSETS</b>	<b>\$ 40,048,725</b>	<b>\$ 45,028,816</b>	<b>\$ 85,077,541</b>	<b>\$ 1,597,357</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 18,428
Other liabilities	-	-	-	610,179
Due to Cook County	-	-	-	23,230
Due to bondholders	-	-	-	933,312
Advances from other funds	-	-	-	12,208
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 1,597,357</b>
<b>FUND BALANCES</b>				
Reserved for employees' retirement system	40,048,725	45,028,816	85,077,541	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 40,048,725</b>	<b>\$ 45,028,816</b>	<b>\$ 85,077,541</b>	

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS  
PENSION TRUST FUNDS

For the Year Ended December 31, 2010

	Police Pension	Firefighters' Pension	Total
<hr/>			
ADDITIONS			
Contributions			
Employer	\$ 2,685,585	\$ 2,032,916	\$ 4,718,501
Employee	984,353	884,241	1,868,594
	<hr/>		
Total contributions	3,669,938	2,917,157	6,587,095
	<hr/>		
Investment income			
Net appreciation in fair value of investments	3,118,508	3,026,415	6,144,923
Interest	818,994	848,409	1,667,403
	<hr/>		
Total investment income	3,937,502	3,874,824	7,812,326
Less investment expense	(218,558)	(149,032)	(367,590)
	<hr/>		
Net investment income	3,718,944	3,725,792	7,444,736
	<hr/>		
Total additions	7,388,882	6,642,949	14,031,831
	<hr/>		
DEDUCTIONS			
Administration	30,613	9,584	40,197
Benefits and refunds			
Retirement benefits	2,238,293	2,634,344	4,872,637
Refunds of contributions	36,007	-	36,007
	<hr/>		
Total deductions	2,304,913	2,643,928	4,948,841
	<hr/>		
NET INCREASE	5,083,969	3,999,021	9,082,990
	<hr/>		
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
January 1	34,964,756	41,029,795	75,994,551
	<hr/>		
December 31	\$ 40,048,725	\$ 45,028,816	\$ 85,077,541
	<hr/>		

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original and Final Budget	Actual
ADDITIONS		
Contributions		
Employer	\$ 2,703,000	\$ 2,685,585
Employee	935,000	984,353
Total contributions	3,638,000	3,669,938
Investment income		
Net appreciation in fair value of investments	-	3,118,508
Interest	500,000	818,994
Total investment income	500,000	3,937,502
Less investment expense	(160,000)	(218,558)
Net investment income	340,000	3,718,944
Total additions	3,978,000	7,388,882
DEDUCTIONS		
Administration	23,900	30,613
Benefits and refunds		
Retirement benefits	2,490,000	2,238,293
Refunds of contributions	75,000	36,007
Total deductions	2,588,900	2,304,913
NET INCREASE	\$ 1,389,100	5,083,969
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
January 1		34,964,756
December 31		\$ 40,048,725

(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, 2010

	Original and Final Budget	Actual
ADDITIONS		
Contributions		
Employer	\$ 2,055,000	\$ 2,032,916
Employee	790,000	884,241
Total contributions	2,845,000	2,917,157
Investment income		
Net appreciation in fair value of investments	-	3,026,415
Interest	500,000	848,409
Total investment income	500,000	3,874,824
Less investment expense	(160,000)	(149,032)
Net investment income	340,000	3,725,792
Total additions	3,185,000	6,642,949
DEDUCTIONS		
Administration	21,900	9,584
Benefits and refunds		
Benefits	2,735,000	2,634,344
Refunds of contributions	75,000	-
Total deductions	2,831,900	2,643,928
NET INCREASE	\$ 353,100	3,999,021
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
January 1		41,029,795
December 31		\$ 45,028,816

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS

For the Year Ended December 31, 2010

	Balances January 1	Additions	Deletions	Balances December 31
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 824,891	\$ 686,023	\$ 652,795	\$ 858,119
Receivables				
Property taxes	664,332	62,698	-	727,030
Due from residents	41,965	-	29,757	12,208
<b>TOTAL ASSETS</b>	<b>\$ 1,531,188</b>	<b>\$ 657,605</b>	<b>\$ 602,514</b>	<b>\$ 1,597,357</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 18,428	\$ -	\$ 18,428
Other liabilities	631,965	616,090	637,876	610,179
Due to Cook County	-	23,230	-	23,230
Due to bondholders	857,258	101,535	25,481	933,312
Advances from other funds	41,965	-	29,757	12,208
<b>TOTAL LIABILITIES</b>	<b>\$ 1,531,188</b>	<b>\$ 759,283</b>	<b>\$ 693,114</b>	<b>\$ 1,597,357</b>
<b>Special Service Areas Fund</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 824,891	\$ 594,907	\$ 572,757	\$ 847,041
Receivables				
Property taxes	664,332	62,698	-	727,030
Due from residents	41,965	-	29,757	12,208
<b>TOTAL ASSETS</b>	<b>\$ 1,531,188</b>	<b>\$ 657,605</b>	<b>\$ 602,514</b>	<b>\$ 1,586,279</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 14,821	\$ -	\$ 14,821
Other liabilities	631,965	602,708	631,965	602,708
Due to Cook County	-	23,230	-	23,230
Due to bondholders	857,258	101,535	25,481	933,312
Advances from other funds	41,965	-	29,757	12,208
<b>TOTAL LIABILITIES</b>	<b>\$ 1,531,188</b>	<b>\$ 742,294</b>	<b>\$ 687,203</b>	<b>\$ 1,586,279</b>
<b>Letters of Credit Escrow Funds</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 91,116	\$ 80,038	\$ 11,078
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 91,116</b>	<b>\$ 80,038</b>	<b>\$ 11,078</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 3,607	\$ -	\$ 3,607
Other liabilities	-	13,382	5,911	7,471
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ 16,989</b>	<b>\$ 5,911</b>	<b>\$ 11,078</b>

(See independent auditor's report.)

## SUPPLEMENTAL SECTION

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
<b>TAXES</b>			
Property tax			
Police protection	\$ 5,168,360	\$ 5,168,360	\$ 5,045,334
Fire protection	5,168,360	5,168,360	5,044,685
FICA	2,100,000	2,100,000	2,049,043
IMRF	1,300,000	1,300,000	1,269,612
Police pension	2,703,000	2,703,000	2,685,585
Fire pension	2,055,000	2,055,000	2,032,916
Incremental property tax	400,000	400,000	420,060
Township road and bridge	702,800	702,800	707,358
Personal property replacement tax	121,400	121,400	117,220
State sales tax	8,349,300	8,349,300	7,583,128
Home rule sales tax	4,216,200	4,216,200	4,100,988
Local use tax	954,400	954,400	889,533
Motel occupancy tax	276,600	276,600	230,478
Food and beverage	1,050,000	1,050,000	1,043,856
Auto rental tax	10,800	10,800	6,588
Total taxes	34,576,220	34,576,220	33,226,384
<b>LICENSES AND PERMITS</b>			
Liquor licenses	334,000	334,000	317,757
Business licenses	262,600	262,600	178,210
Animal licenses	30,500	30,500	29,034
Cable television fees	657,100	657,100	654,578
Vehicle licenses	1,300,500	1,300,500	1,213,669
Building permits and fees	429,900	429,900	418,686
Other licenses and permits	325,500	325,500	300,081
Total licenses and permits	3,340,100	3,340,100	3,112,015
<b>INTERGOVERNMENTAL</b>			
State income tax	5,636,800	5,636,800	5,307,674
Park district reimbursement	54,300	54,300	33,409
Fire protection district reimbursement	546,030	546,030	515,100
State highway maintenance	125,695	125,695	126,313
Public safety training reimbursement	25,300	25,300	30,673
Police consultant - schools	464,340	464,340	484,340
Other grants	22,100	139,458	177,697
Total intergovernmental	6,874,565	6,991,923	6,675,206

(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, 2010

	Original Budget	Final Budget	Actual
<b>CHARGES FOR SERVICES</b>			
Plan review fees	\$ 160,100	\$ 160,100	\$ 162,049
Ambulance fees	1,090,000	1,090,000	980,614
Inspection fees	180,300	180,300	225,726
Special police service	100,900	100,900	113,780
Street fest revenue	167,100	167,100	197,190
Other charges for services	81,900	81,900	89,566
Total charges for services	1,780,300	1,780,300	1,768,925
<b>FINES AND FORFEITS</b>			
Circuit court fines	495,300	495,300	408,871
Parking fines	185,500	185,500	124,862
Red light fees	600,000	600,000	202,943
Impound fees	100,000	100,000	277,475
Compliance fines	173,700	173,700	185,388
Adjudication and other fines	123,200	123,200	39,566
Total fines and forfeits	1,677,700	1,677,700	1,239,105
<b>INVESTMENT INCOME</b>	150,000	150,000	248,896
<b>MISCELLANEOUS</b>			
Reimbursements and refunds	187,100	187,100	259,230
Building rental	-	95,000	95,000
Donations	-	10,095	10,296
Other	65,000	7,355	14,456
Total miscellaneous	252,100	299,550	378,982
<b>TOTAL REVENUES</b>	\$ 48,650,985	\$ 48,815,793	\$ 46,649,513

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT			
Mayor and council	\$ 324,635	\$ 324,635	\$ 244,986
Boards and commissions			
Planning commission	6,580	6,580	2,215
Zoning board	7,865	7,865	4,647
Fire and police commission	22,575	22,575	8,334
Board of health	5,265	5,865	3,113
Beautification commission	28,800	28,200	16,245
Administration			
Village manager	697,235	786,810	717,857
Human resources	531,830	523,430	477,982
Liability insurance	1,337,125	1,000,000	1,000,000
Administrative services			
Administration	133,075	133,075	127,905
Streetfest	209,000	209,000	197,296
Cable TV	16,080	19,880	12,383
Administrative adjudication	90,275	90,275	88,305
Village clerk	200,760	200,760	188,096
Legal services			
Village attorney	400,500	400,500	310,946
Village prosecutor	42,645	42,645	41,400
Labor and collective bargaining	35,000	35,000	17,488
Finance and operations			
Financial administration	420,090	421,015	413,909
Customer services	455,620	455,620	350,226
Accounting	402,360	410,170	391,585
Information systems			
Information systems	884,830	868,365	843,962
GIS	206,210	206,210	206,085
Village phone system	215,385	215,385	197,000
Community services			
Administration	291,825	288,325	285,846
Permits and inspections	697,305	697,805	685,043
Code compliance	400,390	397,390	393,974
Health inspections	414,730	410,730	413,070
Planning and economic development			
Planning and zoning	498,570	533,641	518,113
Community development reimbursement	(82,405)	(82,405)	(82,404)
Economic development	48,290	48,290	38,209
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	8,542,445	8,307,636	7,713,816

(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, 2010

	Original Budget	Final Budget	Actual
PUBLIC SAFETY			
Police department			
Administration	\$ 988,160	\$ 1,079,239	\$ 970,894
Support services	2,715,570	2,662,357	2,648,666
Field operations	15,206,760	15,178,504	15,274,397
Total police department	18,910,490	18,920,100	18,893,957
Fire department			
Administration	644,440	628,440	631,795
Fire protection and paramedic services	13,056,255	13,097,530	13,073,898
Fire prevention	487,435	483,935	476,416
Fire training	297,235	273,855	227,626
Emergency management	139,905	147,776	141,738
Total fire department	14,625,270	14,631,536	14,551,473
Total public safety	33,535,760	33,551,636	33,445,430
PUBLIC WORKS			
Public works			
Administration	753,150	845,870	889,878
Building and grounds	669,515	670,015	617,240
Electrical maintenance	413,150	413,150	401,843
Forestry	1,131,275	1,080,827	1,106,155
Street maintenance	2,754,505	2,789,505	2,742,851
Engineering	552,220	540,220	532,630
Total public works	6,273,815	6,339,587	6,290,597
TOTAL EXPENDITURES	\$ 48,352,020	\$ 48,198,859	\$ 47,449,843

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
DOWNTOWN TIF FUND

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
<hr/>			
ECONOMIC DEVELOPMENT			
Administration	\$ 50,000	\$ 378,165	\$ 378,163
Project expenditures			
Block 22	-	4,150	4,134
Block 26 (Emmett's)	-	750	739
Railwalk	185,000	12,500	12,502
Palatine Road reconstruction	-	2,323,285	2,060,464
Mint Julep Restaurant	36,500	44,275	44,262
Downtown maintenance	22,500	20,460	20,457
Parking lot improvements	235,000	208,350	208,347
Street improvements	75,000	9,296	9,296
Total project expenditures	554,000	2,623,066	2,360,201
Land acquisition			
Palatine Road reconstruction	-	1,951,633	2,214,453
Less land held for resale purchased	-	-	(2,082,133)
Total land acquisition	-	1,951,633	132,320
DEBT SERVICE			
Principal payments	2,818,350	2,818,350	2,818,915
Interest and fiscal charges	2,096,705	1,978,360	2,126,000
Total debt service	4,915,055	4,796,710	4,944,915
TOTAL EXPENDITURES	\$ 5,519,055	\$ 9,749,574	\$ 7,815,599

(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, 2010

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Property taxes	\$ 2,675,275	\$ 2,675,275	\$ 2,664,191
Intergovernmental	157,880	157,880	171,441
Investment income	15,000	15,000	6,353
Total revenues	2,848,155	2,848,155	2,841,985
<b>EXPENDITURES</b>			
Debt service			
Principal	2,209,830	2,209,830	2,209,830
Interest	888,005	871,450	871,443
Fiscal charges	7,500	282,560	356,119
Total expenditures	3,105,335	3,363,840	3,437,392
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	(257,180)	(515,685)	(595,407)
<b>OTHER FINANCING SOURCES (USES)</b>			
Bonds issued, at par	-	1,819,585	1,761,795
Bond premium	-	185,275	185,275
Payment to refunded bond escrow	-	(856,505)	(856,503)
Total other financing sources (uses)	-	1,148,355	1,090,567
NET CHANGE IN FUND BALANCE	\$ (257,180)	\$ 632,670	495,160
FUND BALANCE, JANUARY 1			2,190,803
FUND BALANCE, DECEMBER 31			\$ 2,685,963

(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, 2010

	Original Budget	Final Budget	Actual
DEBT SERVICE			
General obligation bond			
Series 1999A			
Interest	\$ 11,105	\$ 5,555	\$ 5,551
Series 2000B			
Principal retirement	71,690	71,690	71,690
Interest	30,865	17,135	17,131
Total series 2000B	102,555	88,825	88,821
Refunding series 2003			
Principal retirement	370,210	370,210	370,210
Interest	41,890	41,890	41,890
Total refunding series 2003	412,100	412,100	412,100
Refunding series 2004C			
Principal retirement	3,130	3,130	3,130
Interest	46,155	46,155	46,155
Total refunding series 2004C	49,285	49,285	49,285
Refunding series 2005			
Principal retirement	2,360	2,360	2,360
Interest	15,980	15,980	15,980
Total refunding series 2005	18,340	18,340	18,340
Series 2009A			
Interest	51,125	51,125	51,125
Series 2009C			
Interest	400,275	400,275	400,275
Series 2009D			
Interest	88,425	88,425	88,425
Series 2009F			
Interest	89,555	89,555	89,556
Refunding series 2009G			
Principal retirement	1,762,440	1,762,440	1,762,440
Interest	112,630	112,630	112,630
Total refunding series 2009G	1,875,070	1,875,070	1,875,070
Refunding Series 2010A			
Interest	-	2,725	2,725
Fiscal charges	7,500	280,060	4,100
Bond issuance costs	-	2,500	352,019
TOTAL EXPENDITURES	\$ 3,105,335	\$ 3,363,840	\$ 3,437,392

(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, 2010

	Original Budget	Final Budget	Actual
REVENUES			
Investment income	\$ -	\$ -	\$ 5,334
Total revenues	-	-	5,334
EXPENDITURES			
Capital outlay			
Construction	26,072,000	3,734,481	3,734,481
Engineering	-	631,077	631,077
Total expenditures	26,072,000	4,365,558	4,365,558
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(26,072,000)	(4,365,558)	(4,360,224)
OTHER FINANCING SOURCES (USES)			
Bonds issued, at par	-	14,861,590	14,861,590
Total other financing sources (uses)	-	14,861,590	14,861,590
NET CHANGE IN FUND BALANCE	<u>\$ (26,072,000)</u>	<u>\$ 10,496,032</u>	10,501,366
FUND BALANCE, JANUARY 1			<u>760,354</u>
FUND BALANCE, DECEMBER 31			<u>\$ 11,261,720</u>

(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, 2010

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services	\$ 6,561,890	\$ 6,561,890	\$ 7,172,475
Miscellaneous	26,300	26,300	36,517
Total operating revenues	6,588,190	6,588,190	7,208,992
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Costs of sales and services	5,336,765	5,381,355	4,960,955
Total operating expenses excluding depreciation	5,336,765	5,381,355	4,960,955
OPERATING INCOME BEFORE DEPRECIATION	1,251,425	1,206,835	2,248,037
DEPRECIATION AND AMORTIZATION	-	-	693,590
OPERATING INCOME	1,251,425	1,206,835	1,554,447
NONOPERATING REVENUES (EXPENSES)			
Investment income	5,000	5,000	112
Interest expense	(1,063,245)	(1,055,715)	(459,231)
Gain on disposal of capital assets	-	-	1,820
Expense from joint venture	2,705	2,705	(9,083)
Total nonoperating revenues (expenses)	(1,055,540)	(1,048,010)	(466,382)
CHANGE IN NET ASSETS	\$ 195,885	\$ 158,825	1,088,065
NET ASSETS, JANUARY 1			17,197,131
NET ASSETS, DECEMBER 31			\$ 18,285,196

(See independent auditor's report.)



VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING REVENUES - BUDGET AND ACTUAL  
WATERWORKS FUND

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
<b>CHARGES FOR SERVICES</b>			
Water use fees			
Incorporated	\$ 4,667,790	\$ 4,667,790	\$ 5,267,151
Unincorporated	1,312,705	1,312,705	1,328,095
Other	19,000	19,000	29,720
Water penalties			
Incorporated	58,350	58,350	56,029
Unincorporated	10,505	10,505	7,342
User charge			
Incorporated	400,000	400,000	403,304
Unincorporated	21,000	21,000	23,462
Water surcharge	19,000	19,000	12,174
Water extension fee	19,000	19,000	20,770
Water tap fees	9,500	9,500	7,792
Water meter sales	17,440	17,440	7,036
Turn-on/service fees	7,600	7,600	9,600
Total charges for services	6,561,890	6,561,890	7,172,475
<b>MISCELLANEOUS</b>			
Park district fees	26,300	26,300	35,143
Reimbursements	-	-	1,374
Total miscellaneous	26,300	26,300	36,517
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 6,588,190</b>	<b>\$ 6,588,190</b>	<b>\$ 7,208,992</b>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL  
WATERWORKS FUND

December 31, 2010

	Original Budget	Final Budget	Actual
<b>COSTS OF SALES AND SERVICES</b>			
Finance and operations			
Customer services	\$ 423,340	\$ 418,340	\$ 367,920
Accounting services	47,000	52,000	45,882
Total finance and operations	470,340	470,340	413,802
Engineering	101,345	101,345	102,658
Public works			
Administration	21,360	21,360	18,194
Building and grounds maintenance			
Mechanical equipment maintenance	21,235	21,235	16,112
Custodial general maintenance	103,710	103,710	60,541
Electrical maintenance			
Water system maintenance	3,510	3,510	815
Building maintenance	218,785	218,785	224,832
Water maintenance			
Supply maintenance	748,900	748,900	664,515
Distribution maintenance	521,850	521,850	553,380
Service and meter maintenance	196,730	169,445	164,229
Forestry			
Landscape - beautification	5,000	5,000	4,280
Northwest Water Commission - water purchase	2,624,000	2,624,000	2,525,469
Total public works	4,465,080	4,437,795	4,232,367
Operations - other			
Capital projects			
Village wide watermain	216,300	257,516	246,568
Water tank maintenance	300,000	328,175	184,765
Alternative water supply	-	38,785	32,784
Watermain extensions	-	17,914	18,314
Utilities Inc. purchase	-	-	212
Less nonoperating items - capital assets	(216,300)	(270,515)	(270,515)
Total operations - other	300,000	371,875	212,128
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 5,336,765</b>	<b>\$ 5,381,355</b>	<b>\$ 4,960,955</b>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF CAPITAL ASSETS AND ACCUMULATED DEPRECIATION  
WATERWORKS FUND

For the Year Ended December 31, 2010

	Capital Assets			
	Balances	Additions	Retirements	Balances
	January 1			December 31
Land	\$ 740,200	\$ -	\$ -	\$ 740,200
Machinery and equipment	1,967,489	-	-	1,967,489
Water system	23,451,212	270,515	7,260	23,714,467
<b>TOTAL</b>	<b>\$ 26,158,901</b>	<b>\$ 270,515</b>	<b>\$ 7,260</b>	<b>\$ 26,422,156</b>
	Accumulated Depreciation			
	Balances	Provisions	Retirements	Balances
	January 1			December 31
Machinery and equipment	\$ 528,900	\$ 176,780	\$ -	\$ 705,680
Water system	11,199,546	516,810	9,080	11,707,276
<b>TOTAL</b>	<b>\$ 11,728,446</b>	<b>\$ 693,590</b>	<b>\$ 9,080</b>	<b>\$ 12,412,956</b>
<b>NET ASSET VALUE</b>				<b>\$ 14,009,200</b>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services	\$ 3,074,600	\$ 3,074,600	\$ 3,189,687
Total operating revenues	3,074,600	3,074,600	3,189,687
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Costs of sales and services	2,209,560	1,908,803	1,404,051
Total operating expenses	2,209,560	1,908,803	1,404,051
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	865,040	1,165,797	1,785,636
DEPRECIATION AND AMORTIZATION	-	-	1,194,970
OPERATING INCOME (LOSS)	865,040	1,165,797	590,666
NONOPERATING REVENUES (EXPENSES)			
Investment income	25,000	25,000	6,049
Interest and fiscal charges	(1,017,885)	(1,193,655)	(504,667)
Miscellaneous	500	500	-
Total nonoperating revenues (expenses)	(992,385)	(1,168,155)	(498,618)
CHANGE IN NET ASSETS	\$ (127,345)	\$ (2,358)	92,048
NET ASSETS, JANUARY 1			18,652,727
NET ASSETS, DECEMBER 31			\$ 18,744,775

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING REVENUES - BUDGET AND ACTUAL  
SEWERAGE FUND

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
<hr/>			
OPERATING REVENUES			
Charges for services			
Sewer use fees			
Incorporated	\$ 1,475,000	\$ 1,475,000	\$ 1,613,372
Unincorporated	275,000	275,000	279,852
Sewer penalties			
Incorporated	27,500	27,500	29,613
Unincorporated	2,000	2,000	1,857
Sewer connection fees	7,500	7,500	4,547
Surcharges			
Sewer separation surcharge	140,000	140,000	142,928
Fair Meadows surcharge	1,600	1,600	1,692
Flood control surcharge	1,146,000	1,146,000	1,115,826
Miscellaneous	500	500	-
	<hr/>		
TOTAL OPERATING REVENUES	\$ 3,075,100	\$ 3,075,100	\$ 3,189,687
	<hr/>		

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL  
SEWERAGE FUND

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
OPERATING EXPENSES			
Costs of sales and services			
Public works			
Water system maintenance	\$ 1,530	\$ 1,530	\$ 984
Sewer maintenance			
Collection system	488,270	488,270	502,744
Flood control	171,415	171,415	161,480
Total public works	661,215	661,215	665,208
Engineering	101,345	101,345	103,288
Operations - other			
Administrative fees - General Fund	300,000	300,000	300,000
Capital Projects			
Sanitary lift station improvements	50,000	25,849	25,849
Sanitary sewer replacement	90,000	154,630	64,628
Sanitary sewer sliplining	225,000	-	-
50/50 sewer extension project	82,000	84,689	45,161
Storm inlet construction program	60,000	60,000	26,225
Creek outfall structure	20,000	20,000	1,128
Storm sewer replacement and extension	200,000	2,500	2,500
Flood mitigation	50,000	50,000	5,423
Bridges and culverts	60,000	2,967	2,967
Winston Park flood improvements	-	44,317	44,317
Open drainage modification program	-	6,183	3,625
Palanois Park improvements	-	6,500	6,500
Buffalo Creek improvements	-	50	50
Fairgrounds sanitary sewer	-	25,503	25,503
Gilbert/Glade improvements	100,000	100,000	99,933
Creek erosion control	300,000	372,000	90,691
Less nonoperating items - capital assets	(90,000)	(108,945)	(108,945)
Total operations - other	1,447,000	1,146,243	635,555
TOTAL OPERATING EXPENSES	\$ 2,209,560	\$ 1,908,803	\$ 1,404,051

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF CAPITAL ASSETS AND ACCUMULATED DEPRECIATION  
SEWERAGE FUND

For the Year Ended December 31, 2010

	Capital Assets			
	Balances	Additions	Retirements	Balances
	January 1			December 31
Machinery and equipment	\$ 221,450	\$ 64,628	\$ -	\$ 286,078
Sewer system	56,827,566	44,317	-	56,871,883
TOTAL	\$ 57,049,016	\$ 108,945	\$ -	\$ 57,157,961

	Accumulated Depreciation			
	Balances	Provisions	Retirements	Balances
	January 1			December 31
Machinery and equipment	\$ 95,520	\$ 25,380	\$ -	\$ 120,900
Sewer system	29,231,938	1,169,590	-	30,401,528
TOTAL	\$ 29,327,458	\$ 1,194,970	\$ -	\$ 30,522,428

NET ASSET VALUE				<u>\$ 26,635,533</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, 2010

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Parking fees	\$ 607,500	\$ 607,500	\$ 639,152
Miscellaneous	18,000	18,000	15,333
Total operating revenues	625,500	625,500	654,485
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Costs of sales and services	676,185	676,185	626,989
Total operating expenses	676,185	676,185	626,989
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(50,685)	(50,685)	27,496
DEPRECIATION	-	-	778,870
OPERATING INCOME (LOSS)	(50,685)	(50,685)	(751,374)
NONOPERATING REVENUES (EXPENSES)			
Investment income	50,685	50,685	1,396
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	-	-	(749,978)
Contributions	-	-	208,347
CHANGE IN NET ASSETS	\$ -	\$ -	(541,631)
NET ASSETS, JANUARY 1			13,197,187
NET ASSETS, DECEMBER 31			\$ 12,655,556

(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, 2010

	Original Budget	Final Budget	Actual
<hr/>			
COSTS OF SALES AND SERVICES			
Motor vehicle parking			
Commuter station	\$ 471,185	\$ 471,185	\$ 457,343
Finance - customer services	63,000	63,000	49,978
	<hr/>		
Total motor vehicle parking	534,185	534,185	507,321
	<hr/>		
Operations - other			
Administrative fees - General Fund	50,000	50,000	50,000
Capital projects			
Parking deck/platform improvements	10,000	10,000	-
Parking deck maintenance	62,000	72,635	69,668
Train station improvements	20,000	9,365	-
	<hr/>		
Total operations - other	142,000	142,000	119,668
	<hr/>		
TOTAL OPERATING EXPENSES	\$ 676,185	\$ 676,185	\$ 626,989
	<hr/>		

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2010

	Capital Assets			
	Balances	Additions	Retirements	Balances
	January 1			December 31
Land	\$ 2,165,938	\$ -	\$ -	\$ 2,165,938
Improvements	15,673,130	208,347	-	15,881,477
TOTAL	\$ 17,839,068	\$ 208,347	\$ -	\$ 18,047,415

	Accumulated Depreciation			
	Balances	Provisions	Retirements	Balances
	January 1			December 31
Improvements	\$ 5,592,620	\$ 778,870	\$ -	\$ 6,371,490
NET ASSET VALUE				<u>\$ 11,675,925</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original and Final Budget	Actual
OPERATING REVENUES		
Charges for services		
Refuse billing	\$ 4,383,930	\$ 4,395,658
Miscellaneous	-	30,465
Total operating revenues	4,383,930	4,426,123
OPERATING EXPENSES		
Refuse collection	4,338,930	4,168,165
Administrative fees - General Fund	50,000	50,000
Total operating expenses	4,388,930	4,218,165
OPERATING INCOME (LOSS)	(5,000)	207,958
NONOPERATING REVENUES (EXPENSES)		
Investment income	5,000	2,006
Total nonoperating revenues (expenses)	5,000	2,006
CHANGE IN NET ASSETS	\$ -	209,964
NET ASSETS, JANUARY 1		1,492,727
NET ASSETS, DECEMBER 31		\$ 1,702,691

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS  
LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BOND SERIES OF 1989  
CAPITAL APPRECIATION BONDS

December 31, 2010

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

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

ACCRETED VALUE OF BONDS

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

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

December 31, 2010

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy*			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
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>\$ 845,000</u>	<u>\$ 62,310</u>	<u>\$ 907,310</u>		<u>\$ 31,155</u>		<u>\$ 31,157</u>

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

(See independent auditor's report.)

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

December 31, 2010

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
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>\$ 1,375,000</u>	<u>\$ 76,900</u>	<u>\$ 1,451,900</u>		<u>\$ 38,449</u>		<u>\$ 38,451</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

December 31, 2010

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Date of Issue	October 30, 2003
Date of Maturity	December 1, 2013
Amount Issued	\$990,000
Denomination of Bonds	\$5,000
Interest Rates	3.41%
Interest Dates	June 1 and December 1
Principal Maturity Date	June 1 and December 1
Paying Agent	J.P. Morgan Chase

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements*			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
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>\$ 363,982</u>	<u>\$ 22,026</u>	<u>\$ 386,008</u>		<u>\$ 12,552</u>		<u>\$ 9,474</u>

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

(See independent auditor's report.)

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

December 31, 2010

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy*			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
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>\$ 1,150,000</u>	<u>\$ 172,123</u>	<u>\$ 1,322,123</u>		<u>\$ 86,061</u>		<u>\$ 86,062</u>

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

(See independent auditor's report.)



VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION TAXABLE BOND SERIES OF 2004A

December 31, 2010

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
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>\$ 5,870,000</u>	<u>\$ 2,069,162</u>	<u>\$ 7,939,162</u>		<u>\$ 1,034,581</u>		<u>\$ 1,034,581</u>

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

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

December 31, 2010

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2010	\$ 5,000	\$ 73,563	\$ 78,563	2011	\$ 36,781	2011	\$ 36,782
2011	1,835,000	73,400	1,908,400	2012	36,700	2012	36,700
	<u>\$ 1,840,000</u>	<u>\$ 146,963</u>	<u>\$ 1,986,963</u>		<u>\$ 73,481</u>		<u>\$ 73,482</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BOND SERIES OF 2004D

December 31, 2010

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy*			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
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>\$ 4,865,000</u>	<u>\$ 1,291,600</u>	<u>\$ 6,156,600</u>		<u>\$ 645,800</u>		<u>\$ 645,800</u>

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

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

December 31, 2010

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
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>\$ 840,000</u>	<u>\$ 100,200</u>	<u>\$ 940,200</u>		<u>\$ 50,100</u>		<u>\$ 50,100</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

December 31, 2010

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy*			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
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>\$ 90,200</u>	<u>\$ 455,200</u>		<u>\$ 45,100</u>		<u>\$ 45,100</u>

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

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

December 31, 2010

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy*			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
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>\$ 6,265,000</u>	<u>\$ 2,362,456</u>	<u>\$ 8,627,456</u>		<u>\$ 1,181,228</u>		<u>\$ 1,181,228</u>

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

(See independent auditor's report.)

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

December 31, 2010

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy*			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
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>\$ 1,115,000</u>	<u>\$ 276,268</u>	<u>\$ 1,391,268</u>		<u>\$ 138,134</u>		<u>\$ 138,134</u>

\*Note: This bond issue is funded by incremental revenues generated from the Rand Road Corridor TIF District.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

December 31, 2010

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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
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>\$ 9,170,000</u>	<u>\$ 4,788,466</u>	<u>\$13,958,466</u>		<u>\$ 2,394,233</u>		<u>\$ 2,394,233</u>

\*Note: This bond issue is funded by incremental revenues generated from the Rand Road Corridor TIF District.

(See independent auditor's report.)



VILLAGE OF PALATINE, ILLINOIS

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

December 31, 2010

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy*			Interest Due On			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
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>\$ 1,125,000</u>	<u>\$ 186,200</u>	<u>\$ 1,311,200</u>		<u>\$ 93,100</u>		<u>\$ 93,100</u>

\*Note: This bond issue is funded by general revenues generated from the Water Fund.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS  
LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BOND SERIES OF 2008

December 31, 2010

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Date of Issue	December 1, 2008
Date of Maturity	December 1, 2028
Amount Issued	\$4,585,000
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			
	Interest		Totals	June 1	Amount	December 1	Amount
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>\$ 4,310,000</u>	<u>\$ 2,007,830</u>	<u>\$ 6,317,830</u>		<u>\$ 1,003,915</u>		<u>\$ 1,003,915</u>

\* This bond issue is funded by the Flood Control Surcharge in the Sewer Fund.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

December 31, 2010

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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
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>\$ 590,112</u>	<u>\$ 1,780,112</u>		<u>\$ 295,056</u>		<u>\$ 295,056</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

December 31, 2010

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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
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>\$ 3,996,790</u>	<u>\$ 11,996,790</u>		<u>\$ 1,998,395</u>		<u>\$ 1,998,395</u>

\*Note: This bond issue is funded by incremental revenues generated from the Rand Road Corridor TIF District.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

December 31, 2010

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
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
	<u>\$ 7,035,000</u>	<u>\$ 5,845,625</u>	<u>\$ 12,880,625</u>		<u>\$ 2,922,819</u>		<u>\$ 2,922,806</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION BOND SERIES OF 2009D

December 31, 2010

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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
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>\$ 511,850</u>	<u>\$ 3,021,850</u>		<u>\$ 255,928</u>		<u>\$ 255,922</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, 2010

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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
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>\$ 3,950,682</u>	<u>\$ 12,450,682</u>		<u>\$ 1,975,341</u>		<u>\$ 1,975,341</u>

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

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

December 31, 2010

Date of Issue	October 5, 2009
Date of Maturity	December 1, 2025
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
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>\$ 1,086,250</u>	<u>\$ 2,586,250</u>		<u>\$ 543,125</u>		<u>\$ 543,125</u>

(See independent auditor's report.)



VILLAGE OF PALATINE, ILLINOIS

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

December 31, 2010

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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
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>\$ 3,870,000</u>	<u>\$ 254,136</u>	<u>\$ 4,124,136</u>		<u>\$ 127,068</u>		<u>\$ 127,068</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION REFUNDING BOND SERIES OF 2010A

December 31, 2010

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Date of Issue	June 16, 2010
Date of Maturity	December 1, 2022
Amount Issued	\$7,315,000
Denomination of Bond	\$5,000
Interest Rate	2.0% - 4.0%
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
2010	\$ 485,000	\$ 245,400	\$ 730,400	2011	\$ 122,700	2011	\$ 122,700
2011	800,000	235,700	1,035,700	2012	117,850	2012	117,850
2012	640,000	215,700	855,700	2013	107,850	2013	107,850
2013	510,000	199,700	709,700	2014	99,850	2014	99,850
2014	530,000	184,400	714,400	2015	92,200	2015	92,200
2015	550,000	168,500	718,500	2016	84,250	2016	84,250
2016	565,000	152,000	717,000	2017	76,000	2017	76,000
2017	590,000	129,400	719,400	2018	64,700	2018	64,700
2018	615,000	105,800	720,800	2019	52,900	2019	52,900
2019	650,000	81,200	731,200	2020	40,600	2020	40,600
2020	675,000	55,200	730,200	2021	27,600	2021	27,600
2021	705,000	28,200	733,200	2022	14,100	2022	14,100
	<u>\$ 7,315,000</u>	<u>\$ 1,801,200</u>	<u>\$ 9,116,200</u>		<u>\$ 900,600</u>		<u>\$ 900,600</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION REFUNDING BOND SERIES OF 2010B

December 31, 2010

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Date of Issue	June 16, 2010
Date of Maturity	December 1, 2016
Amount Issued	\$12,555,000
Denomination of Bond	\$5,000
Interest Rate	3.0% - 4.0%
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
2010	\$ 1,545,000	\$ 396,425	\$ 1,941,425	2011	\$ 198,213	2011	\$ 198,212
2011	2,085,000	350,075	2,435,075	2012	175,038	2012	175,037
2012	2,140,000	297,950	2,437,950	2013	148,975	2013	148,975
2013	2,195,000	244,450	2,439,450	2014	122,225	2014	122,225
2014	2,800,000	178,600	2,978,600	2015	89,300	2015	89,300
2015	1,790,000	71,600	1,861,600	2016	35,800	2016	35,800
	<u>\$ 12,555,000</u>	<u>\$ 1,539,100</u>	<u>\$ 14,094,100</u>		<u>\$ 769,551</u>		<u>\$ 769,549</u>

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

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BOND SERIES OF 2010C

December 31, 2010

Date of Issue	September 2, 2010
Date of Maturity	December 1, 2034
Amount Issued	\$18,000,000
Denomination of Bond	\$5,000
Interest Rate	5.0% - 5.8%
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
2010	\$ -	\$ 1,328,441	\$ 1,328,441	2011	\$ 795,881	2011	\$ 532,560
2011	-	1,065,120	1,065,120	2012	532,560	2012	532,560
2012	-	1,065,120	1,065,120	2013	532,560	2013	532,560
2013	-	1,065,120	1,065,120	2014	532,560	2014	532,560
2014	-	1,065,120	1,065,120	2015	532,560	2015	532,560
2015	-	1,065,120	1,065,120	2016	532,560	2016	532,560
2016	-	1,065,120	1,065,120	2017	532,560	2017	532,560
2017	-	1,065,120	1,065,120	2018	532,560	2018	532,560
2018	-	1,065,120	1,065,120	2019	532,560	2019	532,560
2019	-	1,065,120	1,065,120	2020	532,560	2020	532,560
2020	-	1,065,120	1,065,120	2021	532,560	2021	532,560
2021	-	1,065,120	1,065,120	2022	532,560	2022	532,560
2022	-	1,065,120	1,065,120	2023	532,560	2023	532,560
2023	725,000	1,065,120	1,790,120	2024	532,560	2024	532,560
2024	735,000	1,028,870	1,763,870	2025	514,435	2025	514,435
2025	1,275,000	991,385	2,266,385	2026	495,693	2026	495,693
2026	1,325,000	925,085	2,250,085	2027	462,543	2027	462,543
2027	1,340,000	852,210	2,192,210	2028	426,105	2028	426,105
2028	1,400,000	776,500	2,176,500	2029	388,250	2029	388,250
2029	2,200,000	696,000	2,896,000	2030	348,000	2030	348,000
2030	2,300,000	568,400	2,868,400	2031	284,200	2031	284,200
2031	2,400,000	435,000	2,835,000	2032	217,500	2032	217,500
2032	2,500,000	295,800	2,795,800	2033	147,900	2033	147,900
2033	2,600,000	150,800	2,750,800	2034	75,400	2034	75,400
	<u>\$ 18,800,000</u>	<u>\$ 21,895,051</u>	<u>\$ 40,695,051</u>		<u>\$ 11,079,186</u>		<u>\$ 10,815,865</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION REFUNDING BOND SERIES OF 2010D

December 31, 2010

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Date of Issue	September 2, 2010
Date of Maturity	December 1, 2015
Amount Issued	\$930,000
Denomination of Bond	\$5,000
Interest Rate	1.0% - 2.0%
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
2010	\$ 120,000	\$ 19,035	\$ 139,035	2011	\$ 11,404	2011	\$ 7,631
2011	140,000	14,062	154,062	2012	7,031	2012	7,031
2012	145,000	12,312	157,312	2013	6,156	2013	6,156
2013	145,000	10,138	155,138	2014	5,069	2014	5,069
2014	380,000	7,600	387,600	2015	3,800	2015	3,800
	<u>\$ 930,000</u>	<u>\$ 63,147</u>	<u>\$ 993,147</u>		<u>\$ 33,460</u>		<u>\$ 29,687</u>

(See independent auditor's report.)

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

December 31, 2010

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

<u>Requirements*</u>
<u>Principal</u>
<u>\$ 137,983</u>

- \* The source of repayment of this note is limited to the incremental taxes generated by the redevelopment project within the downtown TIF District 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>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have been changed over time.	155-162
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	163-166
<b>Debt Capacity</b> 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.	167-170
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	171-172
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	173-175

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

VILLAGE OF PALATINE, ILLINOIS

NET ASSETS BY COMPONENT

Last Eight Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010
<b>GOVERNMENTAL ACTIVITIES</b>								
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	\$ 133,599,587
Restricted	16,555,350	14,477,732	19,730,260	21,578,252	24,347,626	21,004,875	42,399,832	40,641,243
Unrestricted	(68,086,523)	988,732	15,647,897	14,979,825	35,686,515	24,652,055	(17,333,619)	(9,711,908)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ (38,285,758)</b>	<b>\$ 117,278,598</b>	<b>\$ 136,072,095</b>	<b>\$ 141,963,817</b>	<b>\$ 152,435,582</b>	<b>\$ 147,227,782</b>	<b>\$ 158,583,475</b>	<b>\$ 164,528,922</b>
<b>BUSINESS-TYPE ACTIVITIES</b>								
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	\$ 35,931,798
Restricted	-	-	-	-	-	-	-	-
Unrestricted	5,080,603	4,153,291	17,342,996	5,306,733	14,999,979	12,593,058	11,648,072	15,456,420
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 43,398,592</b>	<b>\$ 42,006,085</b>	<b>\$ 43,355,554</b>	<b>\$ 42,786,664</b>	<b>\$ 47,624,642</b>	<b>\$ 51,151,124</b>	<b>\$ 50,539,772</b>	<b>\$ 51,388,218</b>
<b>PRIMARY GOVERNMENT</b>								
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	\$ 169,531,385
Restricted	16,555,350	14,477,732	19,730,260	21,578,252	24,347,626	21,004,875	42,399,832	40,641,243
Unrestricted	(63,005,920)	5,142,023	32,990,893	20,286,558	50,686,494	37,245,113	(5,685,547)	5,744,512
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 159,284,683</b>	<b>\$ 159,284,683</b>	<b>\$ 179,427,649</b>	<b>\$ 184,750,481</b>	<b>\$ 200,060,224</b>	<b>\$ 198,378,906</b>	<b>\$ 209,123,247</b>	<b>\$ 215,917,140</b>

Data Source

Audited Financial Statements



VILLAGE OF PALATINE, ILLINOIS

CHANGES IN NET ASSETS

Last Eight Fiscal Years

Fiscal Year	2003	2004	2005
<b>EXPENSES</b>			
Governmental activities			
General government	\$ 14,030,449	\$ 7,296,867	\$ 6,932,885
Public safety	23,580,798	25,265,921	26,321,237
Public works	5,502,174	8,251,434	9,713,501
Economic development	2,465,912	7,870,270	3,743,670
Interest and fiscal charges	4,069,311	3,804,206	3,762,226
Total governmental activities expenses	49,648,644	52,488,698	50,473,519
Business-type activities			
Water	5,589,517	6,214,408	5,862,991
Sewer	1,449,894	1,666,910	1,716,882
Parking system	1,076,518	1,283,080	1,348,318
Refuse collection	3,737,144	3,889,091	4,137,678
Total business-type activities expenses	11,853,073	13,053,489	13,065,869
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b>\$ 61,501,717</b>	<b>\$ 65,542,187</b>	<b>\$ 63,539,388</b>
<b>PROGRAM REVENUES</b>			
Governmental activities			
Charges for services			
General government	\$ 3,838,926	\$ 4,680,502	\$ 4,369,604
Public safety	1,320,488	2,016,434	2,231,093
Other activities	183,702	222,263	194,548
Operating grants and contributions	2,317,615	2,141,380	2,282,683
Capital grants and contributions	665,597	386,201	461,311
Total governmental activities program revenues	8,326,328	9,446,780	9,539,239
Business-type activities			
Charges for services			
Water	5,277,097	5,579,599	6,329,850
Sewer	2,028,924	2,072,020	2,169,364
Parking system	573,827	562,039	607,332
Refuse collection	3,992,404	3,949,680	4,043,296
Capital grants and contributions	150,000	70,000	-
Total business-type activities program revenues	12,022,252	12,233,338	13,149,842
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<b>\$ 20,348,580</b>	<b>\$ 21,680,118</b>	<b>\$ 22,689,081</b>
<b>NET (EXPENSE) REVENUES</b>			
Governmental activities	\$ (41,322,316)	\$ (43,041,918)	\$ (40,934,280)
Business-type activities	169,179	(820,151)	83,973
<b>TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE</b>	<b>\$ (41,153,137)</b>	<b>\$ (43,862,069)</b>	<b>\$ (40,850,307)</b>

	2006	2007	2008	2009	2010
\$	7,346,275	\$ 9,008,572	\$ 9,191,571	\$ 8,314,739	\$ 7,911,734
	28,713,081	29,416,464	31,825,692	33,898,460	35,204,860
	8,643,238	9,080,835	13,227,490	10,720,807	10,000,129
	9,779,022	5,943,316	17,188,453	1,539,146	6,828,477
	4,295,123	4,340,856	3,710,426	3,411,066	4,190,376
	58,776,739	57,790,043	75,143,632	57,884,218	64,135,576
	5,692,588	5,876,757	6,354,122	6,188,396	6,121,039
	1,788,004	2,468,787	3,904,841	3,391,245	3,103,688
	1,395,069	1,535,188	1,566,202	1,431,482	1,405,859
	4,006,515	4,178,546	4,279,643	4,227,437	4,218,165
	12,882,176	14,059,278	16,104,808	15,238,560	14,848,751
\$	71,658,915	\$ 71,849,321	\$ 91,248,440	\$ 73,122,778	\$ 78,984,327
\$	4,379,572	\$ 4,135,624	\$ 4,024,203	\$ 4,192,225	\$ 4,129,923
	2,518,276	2,810,527	2,864,677	3,750,916	3,345,737
	263,374	252,771	231,618	259,356	242,032
	2,244,660	2,248,482	2,016,108	2,262,495	2,863,781
	479,231	880,338	6,342,160	1,592,266	3,465,779
	9,885,113	10,327,742	15,478,766	12,057,258	14,047,252
	5,934,839	6,471,798	6,161,045	6,417,950	7,208,992
	2,257,277	2,681,760	2,823,386	3,128,333	3,189,687
	621,311	629,866	663,178	630,319	654,485
	4,083,059	4,403,667	4,662,852	4,414,604	4,426,123
	-	-	-	4,271	208,347
	12,896,486	14,187,091	14,310,461	14,595,477	15,687,634
\$	22,781,599	\$ 24,514,833	\$ 29,789,227	\$ 26,652,735	\$ 29,734,886
\$	(48,891,626)	\$ (47,462,301)	\$ (59,664,866)	\$ (45,826,960)	\$ (50,088,324)
	14,310	127,813	(1,794,347)	(643,083)	838,883
\$	(48,877,316)	\$ (47,334,488)	\$ (61,459,213)	\$ (46,470,043)	\$ (49,249,441)

VILLAGE OF PALATINE, ILLINOIS

CHANGES IN NET ASSETS (Continued)

Last Eight Fiscal Years

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

Data Source

Audited Financial Statements

2006	2007	2008	2009	2010
\$ 29,044,078	\$ 30,267,938	\$ 33,826,733	\$ 34,470,637	\$ 33,436,550
12,723,171	13,059,102	12,554,739	11,063,069	11,684,116
864,346	889,392	956,775	834,769	889,533
2,378,621	2,987,002	2,870,797	2,834,118	2,796,032
5,403,355	5,863,302	6,270,922	5,476,622	5,307,674
334,913	-	-	-	-
1,047,248	1,029,233	1,062,201	1,045,860	1,043,856
56,281	420,513	405,705	240,351	237,067
1,928,010	2,211,847	1,081,574	400,701	305,545
248,570	214,546	326,910	403,633	333,398
-	231,191	171,738	50,333	-
-	-	-	-	-
754,755	760,000	-	-	-
54,783,348	57,934,066	59,528,094	56,820,093	56,033,771
238,653	291,401	150,061	31,731	9,563
(89,098)	221,989	294,123	-	-
22,000	-	-	-	-
(754,755)	(760,000)	-	-	-
(583,200)	(246,610)	444,184	31,731	9,563
\$ 54,200,148	\$ 57,687,456	\$ 59,972,278	\$ 56,851,824	\$ 56,043,334
\$ 5,891,722	\$ 10,471,765	\$ (136,772)	\$ 10,993,133	\$ 5,945,447
(568,890)	(118,797)	(1,350,163)	(611,352)	848,446
\$ 5,322,832	\$ 10,352,968	\$ (1,486,935)	\$ 10,381,781	\$ 6,793,893

VILLAGE OF PALATINE, ILLINOIS  
FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GENERAL FUND										
Reserved	\$ 1,275,091	\$ 1,383,209	\$ 21,885	\$ 25,965	\$ 26,470	\$ 5,042,920	\$ 5,287,920	\$ 5,536,201	\$ 5,898,008	\$ 6,025,530
Unreserved	11,986,664	9,673,963	7,800,804	12,316,855	16,285,665	12,604,862	13,056,080	11,641,186	10,608,000	9,745,168
TOTAL GENERAL FUND	<u>\$ 13,261,755</u>	<u>\$ 11,057,172</u>	<u>\$ 7,822,689</u>	<u>\$ 12,342,820</u>	<u>\$ 16,312,135</u>	<u>\$ 17,647,782</u>	<u>\$ 18,344,000</u>	<u>\$ 17,177,387</u>	<u>\$ 16,506,008</u>	<u>\$ 15,770,698</u>
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	\$ 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	\$ 57,163,551
Unreserved, reported in										
Special Revenue Funds	1,510,336	(279,188)	(2,426,919)	-	-	(5,267,911)	852,177	(1,874,180)	-	-
Capital Project Funds	15,043,209	8,568,070	4,454,190	-	-	-	-	-	(106,775)	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	<u>\$ 35,541,208</u>	<u>\$ 28,250,787</u>	<u>\$ 21,200,228</u>	<u>\$ 21,650,756</u>	<u>\$ 19,858,828</u>	<u>\$ 23,452,324</u>	<u>\$ 28,952,491</u>	<u>\$ 27,120,147</u>	<u>\$ 42,606,114</u>	<u>\$ 57,163,551</u>

Data Source

Audited Financial Statements

VILLAGE OF PALATINE, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>REVENUES</b>										
Taxes	\$ 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	\$ 50,087,153
Licenses and permits	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	3,112,015
Intergovernmental	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	12,810,025
Fines and forfeitures	767,792	707,736	1,091,158	716,827	741,524	885,018	893,496	1,061,999	1,948,079	1,256,149
Charges for services	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	1,839,736
Investment income	970,729	1,068,113	633,457	452,727	824,104	1,928,007	2,211,847	1,081,573	404,698	305,545
Contributions	-	-	-	-	-	-	-	6,165,959	1,000,000	-
Miscellaneous	433,489	631,708	561,739	1,509,635	486,533	547,182	395,666	425,003	683,590	670,400
Total revenues	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	70,081,023
<b>EXPENDITURES</b>										
General government	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	7,713,816
Public safety	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	33,638,662
Public works	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	8,250,868
Health	545,794	619,770	-	-	-	-	-	-	-	-
Retirement systems	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	6,828,477
Capital outlay	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	9,139,690
Debt service										
Principal	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	5,493,745
Interest	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	4,341,907
Other charges	-	-	-	-	9,373	-	153,978	-	294,487	-
Total expenditures	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	75,407,165
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(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)	(5,326,142)

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
OTHER FINANCING SOURCES (USES)										
Transfers in	\$ 6,231,327	\$ 4,558,187	\$ 2,827,749	\$ 2,396,555	\$ 1,558,530	\$ 4,903,860	\$ 3,376,733	\$ -	\$ -	\$ 65,000
Transfers (out)	(5,607,677)	(3,568,847)	(2,778,585)	(1,633,760)	(2,746,330)	(4,149,105)	(2,616,733)	-	(84,456)	(65,000)
Discount on bonds issued	-	-	-	(76,534)	-	-	(43,459)	-	-	-
Premium on bonds issued	-	-	-	109,363	17,014	-	12,490	-	152,558	879,220
Bonds issued at par	17,770,000	10,000,000	7,194,920	19,707,949	645,200	4,027,100	18,800,000	-	33,340,315	32,158,385
Payment to bond escrow agent	-	-	(6,100,499)	(6,858,647)	(653,227)	-	-	-	(4,678,260)	(13,950,839)
Proceeds from sales of capital assets	61,055	(607,273)	2,057,743	77,343	(608,839)	75,366	231,191	171,738	88,594	61,483
Total other financing sources (uses)	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	19,148,249
NET CHANGE IN FUND BALANCES	\$ 9,349,726	\$ (9,349,856)	\$ (4,443,696)	\$ 4,597,881	\$ 2,026,235	\$ 4,929,143	\$ 19,707,150	\$ (16,509,722)	\$ 14,730,152	\$ 13,822,107
Debt service as a percentage of noncapital expenditures	16.96%	17.41%	16.41%	22.40%	15.60%	16.03%	20.02%	19.86%	23.63%	14.43%

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
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
2009	NA	NA	NA	NA	2,430,282,380	0.8820	7,290,847,140

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	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>TAX RATES</b>										
Village										
Village of Palatine	1.291	1.136	1.134	1.186	1.084	1.052	1.075	0.950	0.914	0.882
School Districts										
Palatine C. C. S. D. #15	3.749	3.289	3.185	3.313	2.925	2.840	2.673	2.435	2.385	2.307
Junior College #512	0.347	0.308	0.295	0.310	0.279	0.281	0.288	0.260	0.256	0.258
Township H. S. D. #211	2.450	2.147	2.067	2.165	2.158	2.191	2.261	1.972	1.928	1.916
Park District	0.505	0.455	0.422	0.482	0.437	0.422	0.448	0.406	0.419	0.408
Library District	0.381	0.322	0.310	0.315	0.280	0.271	0.280	0.246	0.240	0.229
County										
Hospital	0.219	0.201	0.156	0.141	0.122	0.112	0.112	0.093	0.086	0.084
County of Cook	0.605	0.545	0.534	0.489	0.471	0.421	0.267	0.353	0.329	0.310
Forest Preserve	0.069	0.067	0.061	0.059	0.060	0.060	0.057	0.053	0.051	0.049
Township										
Palatine Township	0.050	0.042	0.041	0.042	0.038	0.037	0.039	0.035	0.035	0.034
General Assistance	0.009	0.008	0.008	0.009	0.008	0.008	0.009	0.008	0.008	0.008
Road and Bridge	0.086	0.077	0.074	0.078	0.070	0.069	0.072	0.064	0.063	0.061
Other Districts										
Special Service Area #2	0.565	0.140	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Special Service Area #3	0.268	0.251	0.223	0.217	0.180	0.180	0.152	0.150	0.129	0.000
Special Service Area #5 *	-	-	-	-	-	-	-	-	3.497	3.588
Suburban T.B. Sanitarium	0.008	0.007	0.006	0.004	0.001	0.005	0.005	0.000	0.000	0.000
Northwest Mosquito	0.011	0.010	0.009	0.010	0.009	0.009	0.009	0.008	0.008	0.008
Sanitary District	0.415	0.401	0.371	0.361	0.347	0.315	0.284	0.263	0.252	0.261
Elections (ELCO)	0.000	0.032	0.000	0.029	0.000	0.014	0.000	0.012	0.000	0.021
<b>TOTAL TAX RATES</b>	<b>11.028</b>	<b>9.438</b>	<b>8.896</b>	<b>9.210</b>	<b>8.469</b>	<b>8.287</b>	<b>8.031</b>	<b>7.308</b>	<b>10.600</b>	<b>10.424</b>
<b>SHARE OF TOTAL TAX LEVIED BY THE VILLAGE</b>	<b>11.71%</b>	<b>12.04%</b>	<b>12.75%</b>	<b>12.88%</b>	<b>12.80%</b>	<b>12.69%</b>	<b>13.39%</b>	<b>13.00%</b>	<b>8.62%</b>	<b>8.46%</b>

\* 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	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Individual Taxpayer	\$ 23,123,155	1	1.00%	\$ 13,776,028	2	N/A
PFC Marquette Company	21,501,253	2	0.90%	N/A	N/A	N/A
MidAmerica Asset Management	19,461,312	3	0.80%	9,965,117	6	0.70%
Brookind Corporation	18,717,296	4	0.80%	12,853,862	4	1.00%
Wal-Mart	17,603,690	5	0.70%	N/A	N/A	N/A
Village Park Palatine 300	15,710,700	6	0.60%	12,913,952	3	1.00%
Regency Retail LLC	13,778,542	7	0.60%	9,051,783	7	N/A
Hamilton Partners	11,289,966	8	0.50%	N/A	N/A	0.00%
Square D Company	11,093,033	9	0.50%	8,939,393	8	N/A
Target	9,667,764	10	0.40%	N/A	N/A	0.00%
Tax Department BSA 49501	N/A	N/A	N/A	17,361,475	1	1.30%
Ecke LLC	N/A	N/A	N/A	12,167,510	5	0.90%
LaSalle 60056702	N/A	N/A	N/A	8,911,978	9	0.70%
K-Mart	N/A	N/A	N/A	7,866,898	10	0.60%
	<u>\$ 161,946,711</u>		<u>6.80%</u>	<u>\$ 113,807,996</u>		<u>6.20%</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
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	16,135,132	99.34%
2003	17,061,932	16,440,571	96.39%	442,422	16,882,993	98.95%
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%	1,357,662	17,059,102	97.59%
2008	18,103,235	17,092,332	94.42%	1,010,288	18,102,620	99.99%
2009	21,435,198	18,906,321	88.20%	2,460,404	21,366,725	99.68%

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

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities					Business-Type Activities	Total Primary Government	Percentage of	
	General	TIF	Tax	Installment Contracts	General	Personal Income*		Per Capita*	
	Obligation Bonds	Revenue Bonds	Increment Notes		Obligation Bonds				
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	
2010	96,605,992	-	137,983	-	20,051,477	116,795,452	4.74%	1,704	

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

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

VILLAGE OF PALATINE, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available In Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property*	Per Capita
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
2010	96,605,992	2,685,963	93,920,029	3.86%	1,369.96

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 163 for property value data.

VILLAGE OF PALATINE, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2010

Governmental Unit	Gross Debt	Percentage Debt Applicable to the Village of Palatine (1)	Village of Palatine Share of Debt
Village of Palatine	\$ 119,940,122	100.00%	\$ 119,940,122
<u>School Districts</u>			
Palatine Community District No. 15	34,018,597	50.43%	17,155,578
Township High School District No. 211	33,615,000	23.16%	7,785,234
Township High School District No. 214	31,645,000	0.02%	6,329
Community College District No. 512	193,570,000	9.33%	18,060,081
Total schools	292,848,597		43,007,222
<u>Other than Schools</u>			
Cook County	2,826,300,000	1.34%	37,872,420
Cook County Forest Preserve District	108,665,000	1.34%	1,456,111
Metropolitan Water Reclamation District	1,959,099,576	1.37%	26,839,664
<u>Park Districts</u>			
Arlington Heights Park District	21,165,000	0.05%	10,583
Palatine Park District	13,015,000	76.37%	9,939,556
Salt Creek Park District	105,000	47.07%	49,424
Palatine Public Library District	1,615,000	77.66%	1,254,209
Total other than schools	4,929,964,576		77,421,966
	5,222,813,173		120,429,188
	\$ 5,342,753,295		\$ 240,369,310

(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, 2010

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The Village is a home rule municipality.

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

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

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

# VILLAGE OF PALATINE, ILLINOIS

## DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

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Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
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%
2010	68,557	2,463,595,795	35,935	10.1%

### Data Source

US Census Bureau & Illinois Department of Employment Security



VILLAGE OF PALATINE, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

2010				2001			
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	700	1.02%	United States Postal Service	1	2,100	3.21%
Little City Foundation	2	500	0.73%	United Parcel Service	2	2,000	3.05%
DiMucci Contruction Co	3	350	0.51%	Community Consol School District 15	3	1,200	1.83%
Schneider Electric North America	4	350	0.51%	William Rainey Harper College	4	674	1.03%
Weber-Stephens Products Co	5	200	0.29%	Township High School District 211	5	667	1.02%
Arlington Plating Co	6	150	0.22%	Square D Company	6	385	0.59%
The Intec Group, Inc.	7	150	0.22%	Village of Palatine	7	358	0.55%
Brandt Industries, Inc.	8	125	0.18%	Arlington Plating	8	165	0.25%
Imperial Woodworking Company	9	125	0.18%	The Intec Group Incorporated	9	130	0.20%
Re/Max Unlimited Northwest	10	102	0.15%	Overnight Transportation	10	120	0.18%

Data Source

2010 Illinois Manufacturers Directory, 2010 Illinois Services Directory and Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS  
FULL-TIME EQUIVALENT EMPLOYEES  
Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>GENERAL GOVERNMENT</b>										
Administration	12.0	12.0	12.0	12.0	10.0	11.0	9.5	8.5	8.5	11.0
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	2.0	2.0
Finance	19.0	19.0	19.0	17.0	17.0	18.0	18.0	18.0	17.0	15.0
Information systems	6.5	9.5	9.5	7.5	8.0	8.0	8.5	8.5	10.0	9.5
Community services	19.5	19.5	20.5	18.0	19.0	19.0	20.0	21.0	19.5	16.5
Planning/zoning	5.5	5.5	5.5	4.5	5.5	5.0	5.0	5.0	5.0	4.5
<b>PUBLIC SAFETY</b>										
Police										
Officers	111.0	111.0	110.0	106.0	107.0	109.0	110.0	112.0	112.0	112.0
Civilians	38.5	38.5	38.0	33.0	33.0	33.0	34.0	34.5	35.0	35.0
Fire										
Firefighters and officers	96.0	96.0	96.0	95.0	95.0	95.0	95.0	95.0	95.0	94.0
Civilians	12.5	12.0	12.5	9.5	11.0	11.0	11.0	11.0	11.0	10.5
<b>PUBLIC WORKS</b>	69.0	69.5	65.0	59.0	57.5	58.5	58.5	58.5	58.5	59.0
<b>ENGINEERING</b>	5.5	8.0	7.5	6.5	6.5	6.5	6.5	7.0	6.5	7.0

Data Source

Village budget office

VILLAGE OF PALATINE, ILLINOIS

OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>PUBLIC SAFETY</b>										
Police										
Physical arrests	2,617	2,617	2,617	4,087	6,758	N/A	2,417	2,162	2,308	2,224
Parking violations	10,752	10,752	10,752	13,766	7,274	N/A	631	7,388	7,315	6,908
Traffic violations	14,937	14,937	14,937	10,264	19,199	N/A	5,415	2,214	11,473	11,616
Fire										
Emergency responses	6,752	6,752	6,752	6,277	6,568	6,891	7,401	7,257	7,020	7,233
<b>WATER</b>										
Number of connections	17,500	17,500	17,500	17,500	17,500	17,500	19,597	19,464	19,658	19,644
Average daily consumption	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	6,440,000

Data Source

Various Village departments

VILLAGE OF PALATINE, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>PUBLIC SAFETY</b>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	16	20	20	22	28	NA	32	26	25	25
Fire										
Fire stations	5	5	5	5	5	5	5	5	5	5
Fire engines	7	7	7	7	7	7	5	7	7	7
<b>PUBLIC WORKS</b>										
Streets (miles)	160	160	160	160	160	160	160	160	160	160
Number of bridges	6	6	6	6	6	6	6	6	6	6
Storm sewers (miles)	200	200	200	220	220	220	220	221	225	225
<b>WATER</b>										
Water mains (miles)	200	200	200	200	200	200	140*	140	156	156
Fire hydrants	2,500	2,500	2,500	2,500	3,200	N/A	2,052*	2,050	2,061	2,062
<b>WASTEWATER</b>										
Sanitary sewers (miles)	200	200	200	200	200	200	145*	145	145	145

\* Restated GASB value

Data Source

Various Village departments

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

# VILLAGE OF PALATINE, ILLINOIS

## Disclosures Required by SEC Rule 15c2-12 Statement of Indebtedness December 31, 2010

	Amount Applicable as of April , 2010	As Per Cent of		Per Capita (2000 Census Pop. 68,557)
		Assessed Value	Estimated True Value	
<b>Assessed valuation of taxable real property, 2009</b>	<b>\$ 2,432,035,439</b>	<b>100.00%</b>	<b>33.33%</b>	<b>\$ 35,474.65</b>
<b>Estimated true value of taxable real property, 2009</b>	<b>7,296,106,317</b>	<b>300.00%</b>	<b>100.00%</b>	<b>106,423.94</b>
Direct general obligation bonded debt (1):				
Payable from property taxes	\$ 37,937,684	1.56%	0.52%	\$ 553.37
Self supporting	82,002,438	3.37%	1.12%	1,196.12
Total direct bonded debt	<b>\$ 119,940,122</b>	<b>4.93%</b>	<b>1.64%</b>	<b>\$ 1,749.49</b>
Overlapping bonded debt payable from property taxes (2):				
Schools	\$ 43,007,222	1.77%	0.59%	\$ 627.32
Other than schools	77,421,967	3.18%	1.06%	1,129.31
Total overlapping bonded debt	<b>\$ 120,429,189</b>	<b>4.95%</b>	<b>1.65%</b>	<b>\$ 1,756.63</b>
Total direct and overlapping bonded debt	<b>\$ 240,369,311</b>	<b>9.88%</b>	<b>3.29%</b>	<b>\$ 3,506.12</b>
<b>Total direct and overlapping excl. self-supporting</b>	<b>\$ 158,366,873</b>	<b>6.51%</b>	<b>2.17%</b>	<b>\$ 2,310.00</b>

### Notes:

1. The Village is a home-rule unit under the 1970 Illinois Constitution and as such has no debt limit nor is it required to seek referendum approval for the issuance of general obligation debt. See "Retirement Schedule of Outstanding Village General Obligation Debt" for a listing of the Village's non-general obligation debt and currently outstanding general obligation debt. Of the Village's general obligation debt \$82,002,438 or 68.4% is considered self-supporting.
2. Overlapping bonded debt as of April 1, 2010.

# VILLAGE OF PALATINE, ILLINOIS

## Disclosures Required by SEC Rule 15c2-12 Retirement Schedule of Outstanding Village General Obligation Debt December 31, 2010

Principal Maturities (1)									
Due 12/1									Total Maturities (2)
	Series 1989 (3)	Series 2003 (3)	Series 2004 (4)	Series 2005	Series 2007 (5)	Series 2008	Series 2009(7)	Series 2010 (4)	Amount
2010	-	1,102,249	555,000	5,000	1,020,000	150,000	2,355,000	2,150,000	7,337,249
2011	-	1,131,281	2,410,000	5,000	1,060,000	160,000	335,000	3,025,000	8,126,281
2012	-	350,452	1,060,000	830,000	1,110,000	170,000	1,150,000	2,925,000	7,595,452
2013	317,473	-	1,135,000	-	1,160,000	175,000	1,195,000	2,850,000	6,832,473
2014	523,137	-	1,200,000	-	1,305,000	185,000	1,610,000	3,710,000	8,533,137
2015	302,180	-	1,215,000	-	1,360,000	195,000	980,000	2,340,000	6,392,180
2016	-	-	1,285,000	-	1,485,000	205,000	1,780,000	565,000	5,320,000
2017	-	-	1,150,000	-	1,195,000	215,000	2,225,000	590,000	5,375,000
2018	-	-	1,195,000	-	1,255,000	225,000	2,410,000	615,000	5,700,000
2019	-	-	1,265,000	-	1,315,000	235,000	2,465,000	650,000	5,930,000
2020	-	-	610,000	-	1,390,000	250,000	3,285,000	675,000	6,210,000
2021	-	-	645,000	-	1,345,000	260,000	3,455,000	705,000	6,410,000
2022	-	-	-	-	700,000	275,000	1,930,000	725,000	3,630,000
2023	-	-	-	-	740,000	290,000	2,000,000	735,000	3,765,000
2024	-	-	-	-	780,000	305,000	2,095,000	1,275,000	4,455,000
2025	-	-	-	-	820,000	320,000	780,000	1,325,000	3,245,000
2026	-	-	-	-	-	340,000	805,000	1,340,000	2,485,000
2027	-	-	-	-	-	355,000	860,000	1,400,000	2,615,000
2028	-	-	-	-	-	-	890,000	2,200,000	3,090,000
2029	-	-	-	-	-	-	890,000	2,300,000	3,190,000
2030	-	-	-	-	-	-	890,000	2,400,000	3,290,000
2031	-	-	-	-	-	-	890,000	2,500,000	3,390,000
2032	-	-	-	-	-	-	890,000	2,600,000	3,490,000
2033	-	-	-	-	-	-	890,000	-	890,000
2034	-	-	-	-	-	-	890,000	-	890,000
2035	-	-	-	-	-	-	-	-	-
	\$ 1,142,790	\$ 2,583,982	\$ 13,725,000	\$ 840,000	\$ 18,040,000	\$ 4,310,000	\$ 37,945,000	\$ 39,600,000	\$ 118,186,772
									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, 2010) 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 \$118,186,772 principal outstanding at December 31, 2010, the Village estimates that \$82,002,438 (68.4%) 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 Detailed Overlapping Bonded Indebtedness Payable from Property Taxes December 31, 2010

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	Amount
<b>School Districts</b>				
Palatine C. C. S. D. #15	100.0%	\$ 34,018,597	50.430%	\$ 17,155,578
Township H. S. D. #211	99.9%	33,615,000	23.160%	7,785,234
Township H. S. D. #214	0.1%	31,645,000	0.020%	6,329
Harper Junior College #512	100.0%	193,570,000	9.330%	18,060,081
<b>Total School Districts</b>				<b>\$ 43,007,222</b>
<b>Other Than School Districts</b>				
Cook County and				
Forest Preserve District	100.0%	2,934,965,000	1.340%	39,328,531
Sanitary District	100.0%	1,959,099,576	1.370%	26,839,664
Park Districts				
Palatine	94.2%	13,015,000	76.370%	9,939,556
Arlington Heights	0.1%	21,165,000	0.050%	10,583
Salt Creek	5.7%	105,000	47.070%	49,424
Palatine Public Library District	99.9%	1,615,000	77.660%	1,254,209
<b>Total Other Than School Districts</b>				<b>\$ 77,421,967</b>

### Notes:

1. Source: Cook County Clerk.
2. Overlapping debt percentages based on 2008 EAV, the most current available.



# 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, 2010

Village Issue		Ratio to Estimated Actual Value (1)				Per Capita (1)		Population Estimate
		Direct Debt		Direct and Overlapping Debt		Direct and Overlapping Debt		
				Including Self-Supporting	Excluding Self-Supporting(2)	Including Self-Supporting	Excluding Self-Supporting(2)	
		Including Self-Supporting	Excluding Self-Supporting(2)	Including Self-Supporting	Excluding Self-Supporting(2)	Including Self-Supporting	Excluding Self-Supporting(2)	
		Sale Date	Amount	Supporting	Supporting(2)	Supporting	Supporting(2)	
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
May 26, 2010 (2)	19,870,000	1.45%	0.27%	3.18%	2.00%	3,360.65	2,116.69	65,920
August 9, 2010 (2)	19,745,000	1.69%	0.52%	3.41%	2.24%	3,619.00	2,375.03	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 Equalized Assessed Valuation for Taxing Purposes December 31, 2010

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%
2009	2,432,035,439	171,135,223	2,603,170,662	3.2%

**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 2007 and 2009.
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, 2010

	2004	2005	2006	2007	2008	2009
<b>Village of Palatine (1):</b>						
Corporate	\$ 0.229	\$ 0.220	\$ 0.227	\$ 0.220	\$ 0.308	\$ 0.215
Bonds and interest	0.195	0.181	0.164	0.120	0.116	0.113
Pensions (Police, Fire, IMRF and Soc. Sec.)	0.275	0.281	0.314	0.294	0.189	0.339
Fire Protection	0.385	0.370	0.370	0.316	0.301	0.215
Water and sewerage	-	-	-	-	-	-
<b>Toal Village of Palatine</b>	<b>1.084</b>	<b>1.052</b>	<b>1.075</b>	<b>0.950</b>	<b>0.914</b>	<b>0.882</b>
Cook County	0.593	0.533	0.379	0.446	0.415	0.394
Cook County Forest Preserve	0.060	0.060	0.057	0.053	0.051	0.049
Sanitary District	0.347	0.315	0.284	0.263	0.252	0.261
Northwest Mosquito Abatement District	0.009	0.009	0.009	0.008	0.008	0.008
Suburban T B Sanitarium	0.001	0.005	0.005	-	-	-
Consolidated Elections	-	0.014	-	0.012	-	0.021
Palatine Park District	0.437	0.422	0.448	0.406	0.419	0.408
Palatine Library District	0.280	0.271	0.280	0.246	0.240	0.229
Palatine C. C. S. D. #15	2.925	2.840	2.673	2.435	2.385	2.307
Junior College #512	0.279	0.281	0.288	0.260	0.256	0.258
Township H. S. D. #211	2.158	2.191	2.261	1.972	1.928	1.916
Township and all other	0.296	0.294	0.272	0.257	3.732	3.691
<b>Total (2)</b>	<b>\$ 8.469</b>	<b>\$ 8.287</b>	<b>\$ 8.031</b>	<b>\$ 7.308</b>	<b>\$ 10.600</b>	<b>\$ 10.424</b>
Village rate as a percent of total	12.8%	12.7%	13.4%	13.0%	8.6%	8.5%

## 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, 2010

Levy Year	Collection Year	Total Taxes Extended	Total Taxes Collected	
			Amount	Percent (2)
2002	2003	16,242,234	16,094,187	99.09%
2003	2004	17,061,932	16,826,456	98.62%
2004	2005	18,187,861	17,719,836	97.43%
2005	2006	18,076,976	17,721,179	98.03%
2006	2007	18,609,934	18,430,570	99.04%
2007	2008	17,481,006	17,059,102	97.59%
2008	2009	18,103,235	18,102,620	99.99%
2009	2010	21,435,198	21,366,725	99.68%
2010	2011	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, 2010

Property Classification	2004	2005	2006	2007	2008	2009
Residential	\$ 1,138,490,510	\$ 1,264,709,389	\$ 1,325,694,182	\$ 1,584,575,451	NA	NA
Commercial	394,146,124	393,756,607	365,482,193	415,869,705	NA	NA
Industrial	145,428,977	155,849,317	150,098,216	178,806,539	NA	NA
Railroad	445,859	420,228	418,940	459,669	NA	NA
Farm	180	180	180	180	NA	NA
Net for Gen'l Taxing Purposes	\$ 1,678,511,650	\$ 1,814,735,721	\$ 1,841,693,711	\$ 2,179,711,544	\$ 2,328,686,350	\$ 2,432,035,439
Incremental Valuation (2)	100,006,109	119,993,338	129,880,581	173,156,610	194,197,517	171,135,223
Total for all Taxing Purposes	\$ 1,778,517,759	\$ 1,934,729,059	\$ 1,971,574,292	\$ 2,352,868,154	\$ 2,522,883,867	\$ 2,603,170,662
Percentage Increase	18.5%	8.8%	1.9%	19.3%	7.2%	1.4%

### 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, 2010

Rank	Taxpayer (1)	Business/Properties	Equalized Assessed Valuation (2)	Percent of Village
1	Individual Taxpayer	Shopping Center	\$ 23,123,155	1.0%
2	PFC Marquette Company	Apartments	21,501,253	0.9%
3	MidAmerica Asset Management	Shopping Center	19,461,312	0.8%
4	Brookind Corp.	United Parcel Service	18,717,296	0.8%
5	Wal-Mart	Retail Store	17,603,690	0.7%
6	Village Park Palatine 300	Apartments	15,710,700	0.6%
7	Regency Retail LLC	Shopping Center	13,778,542	0.6%
8	Hamilton Partners	Commercial Building	11,289,966	0.5%
9	Square D Company	Corporate Headquarters	11,093,033	0.5%
10	Target	Retail Store	9,667,764	0.4%
Total Ten Largest Taxpayers			<u>\$ 161,946,711</u>	<u>6.8%</u>

### Notes:

1. Source: Cook County Clerk.
2. Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations may have been overlooked. The 2009 EAV is the most current available.

# VILLAGE OF PALATINE, ILLINOIS

## Disclosures Required by SEC Rule 15c2-12 General Fund December 31, 2010

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

	2006	2007	2008	2009	2010	Dec. 31, 2011 Budget (2)
<b>Revenue:</b>						
Taxes						
Property taxes	\$ 16,169,543	\$ 16,895,147	\$ 18,327,602	\$ 18,500,462	\$ 19,254,593	\$ 19,339,080
Sales tax	12,723,170	13,059,102	12,554,739	11,063,069	11,684,116	3,945,000
Other taxes	2,359,091	2,476,029	2,939,575	2,232,469	2,287,675	2,174,300
Licenses and permits	3,242,695	3,061,764	3,088,823	3,081,984	3,112,015	2,579,680
Intergovernmental						
State sales tax (3)	-	-	-	-	-	6,913,000
State income tax	5,403,355	5,863,302	6,270,923	5,472,627	5,307,675	4,740,100
Other	1,187,414	1,220,054	1,266,140	1,277,919	1,367,531	2,864,340
Charges for services	1,768,571	2,056,012	1,768,547	1,812,561	1,768,925	628,770
Fines and forfeits	885,018	893,496	1,061,999	1,856,800	1,239,105	4,050,225
Interest income	1,137,974	938,749	493,591	307,689	248,896	33,250
Transfers-in	600,475	-	-	-	65,000	253,000
All other revenues	371,053	163,617	182,944	354,154	378,982	965,600
<b>Total revenues</b>	<b>45,848,359</b>	<b>46,627,272</b>	<b>47,954,883</b>	<b>45,959,734</b>	<b>46,714,513</b>	<b>48,486,345</b>
<b>Expenditures</b>						
General Government	8,320,356	8,606,768	10,747,502	8,507,772	7,713,816	9,450,560
Public Safety	27,386,129	29,054,326	31,524,578	31,678,221	33,445,430	35,662,080
Public Works	4,657,122	5,653,227	6,849,416	6,360,644	6,290,597	3,878,915
Transfers-out	4,149,105	2,616,733	-	84,456	-	-
<b>Total Expenditures</b>	<b>44,512,712</b>	<b>45,931,054</b>	<b>49,121,496</b>	<b>46,631,093</b>	<b>47,449,843</b>	<b>48,991,555</b>
Revenues over (under) expenditures	1,335,647	696,218	(1,166,613)	(671,359)	(735,330)	(505,210)
Adjustments to fund balance	-	-	-	-	-	-
Fund balance-ending	17,647,782	18,344,000	17,177,387	16,506,028	15,770,698	

(Continued)

# VILLAGE OF PALATINE, ILLINOIS

## Disclosures Required by SEC Rule 15c2-12 General Fund December 31, 2010

### Balance Sheet

	2006	2007	2007	2008	2009	2010
<b>Assets:</b>						
Cash and investments	\$ 15,123,023	\$ 11,622,670	\$ 12,788,481	\$ 10,761,900	\$ 8,684,369	\$ 3,642,204
Receivables:						
Property tax	15,645,500	16,607,585	19,283,541	18,696,914	19,008,383	21,569,355
All other	541,668	751,540	856,853	384,847	492,897	498,339
Prepaid items	-	-	4,793	-	116,643	-
Due from other governments	3,433,314	3,058,700	3,286,734	3,221,289	3,714,502	5,152,404
Due from other funds	219,252	5,042,920	5,287,920	5,624,926	5,855,238	6,022,920
All other assets	-	-	-	3,281	3,445	2,610
<b>Total assets</b>	<b>\$ 34,962,757</b>	<b>\$ 37,083,415</b>	<b>\$ 41,508,322</b>	<b>\$ 38,693,157</b>	<b>\$ 37,875,477</b>	<b>\$ 36,887,832</b>
<b>Liabilities and Fund Balance</b>						
Accounts payable	\$ 212,728	\$ 266,919	\$ 819,796	\$ 820,624	\$ 344,057	\$ 205,776
Deferred revenues	15,645,500	17,016,788	17,921,800	18,394,293	18,494,720	19,339,080
All other liabilities	2,818,864	2,151,926	4,422,726	2,300,853	2,530,672	1,572,278
<b>Total liabilities</b>	<b>18,677,092</b>	<b>19,435,633</b>	<b>23,164,322</b>	<b>21,515,770</b>	<b>21,369,449</b>	<b>21,117,134</b>
<b>Fund Balance</b>						
Reserved	26,470	5,042,920	5,287,920	5,536,201	5,898,008	6,025,530
Unreserved	16,285,665	12,604,862	13,056,080	11,641,186	10,608,020	9,745,168
<b>Total fund balance</b>	<b>16,312,135</b>	<b>17,647,782</b>	<b>18,344,000</b>	<b>17,177,387</b>	<b>16,506,028</b>	<b>15,770,698</b>
<b>Total liabilities and fund balance</b>	<b>\$ 34,989,227</b>	<b>\$ 37,083,415</b>	<b>\$ 41,508,322</b>	<b>\$ 38,693,157</b>	<b>\$ 37,875,477</b>	<b>\$ 36,887,832</b>

### 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. Beginning in 2011, the State Sales Tax has been reclassified to intergovernmental.



# VILLAGE OF PALATINE, ILLINOIS

## Disclosures Required by SEC Rule 15c2-12 Combined Statement - All Funds (Note 1) December 31, 2010

### Fund Balances 2006 - 2010

	2006	2007	2008	2009	2010
<b>Governmental Fund Types</b>					
General	\$ 17,647,782	\$ 18,344,000	\$ 17,177,387	\$ 16,506,028	\$ 15,770,698
Special Revenue	4,706,826	20,472,803	6,380,060	25,798,256	27,539,398
Debt Service	12,617,668	14,842,673	10,690,591	6,861,017	6,960,461
Capital Projects	6,127,830	7,147,780	10,049,496	9,946,841	22,663,692
<b>Total Governmental</b>	<b>41,100,106</b>	<b>60,807,256</b>	<b>44,297,534</b>	<b>59,112,142</b>	<b>72,934,249</b>
<b>Proprietary Fund Types (2):</b>					
Enterprise Funds					
Waterworks	14,775,520	16,816,745	16,965,702	17,197,131	18,285,196
Sewerage	11,665,501	15,042,009	18,886,868	18,652,727	18,744,775
Motor Veh Pkg Syst	15,729,867	14,878,649	13,996,218	13,197,187	12,655,556
Refuse Collection	615,776	887,239	1,302,336	1,492,727	1,702,691
Total Enterprise	42,786,664	47,624,642	51,151,124	50,539,772	51,388,218
Internal Service Funds					
Health Insurance	2,401,544	2,688,310	2,667,145	3,038,952	3,267,346
Casualty & Liability Insurance	N/A	N/A	2,250,199	2,396,162	2,559,298
Central Equipment	28,110	24,275	(115,870)	29,139	166,603
<b>Total Proprietary</b>	<b>45,216,318</b>	<b>50,337,227</b>	<b>55,952,598</b>	<b>56,004,025</b>	<b>57,381,465</b>
<b>Fiduciary Fund Types (3):</b>					
Pension Trust					
Police Pension	32,528,147	35,137,969	32,619,298	34,964,756	40,048,725
Firefighters' Pension	39,401,126	42,732,655	37,635,373	41,029,795	45,028,816
<b>Total Fiduciary</b>	<b>71,929,273</b>	<b>77,870,624</b>	<b>70,254,671</b>	<b>75,994,551</b>	<b>85,077,541</b>
<b>Total All Funds (Memo Only)</b>	<b>\$ 158,245,697</b>	<b>\$ 189,015,107</b>	<b>\$ 170,504,803</b>	<b>\$ 191,110,718</b>	<b>\$ 215,393,255</b>

# VILLAGE OF PALATINE, ILLINOIS

## Disclosures Required by SEC Rule 15c2-12 Combined Statement - All Funds (Note 1) December 31, 2010

(Continued)

### Cash and Investments

	2006	2007	2008	2009	2010
<b>Fund:</b>					
General	\$ 11,622,670	\$ 12,788,481	\$ 10,761,900	\$ 8,684,369	\$ 3,642,204
Special Revenue	2,858,328	3,221,921	5,795,211	9,092,889	5,750,145
Debt Service	12,619,368	14,542,649	10,603,036	6,764,193	6,616,983
Capital Projects	5,797,507	4,212,753	9,981,396	9,999,921	23,714,633
Enterprise Funds	5,201,496	6,934,455	8,981,400	5,781,482	6,978,001
Internal Service Funds	2,608,595	2,875,931	5,118,599	6,270,014	6,864,246
Pension Trust	71,504,934	77,364,492	69,853,954	75,760,213	84,351,732
<b>Total cash and investments</b>	<b>\$ 112,212,898</b>	<b>\$ 121,940,682</b>	<b>\$ 121,095,496</b>	<b>\$ 122,353,081</b>	<b>\$ 137,917,944</b>

#### Notes:

1. These condensed financial statements for the years ending December 31, 2006 - 2010, 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, 2010, included an unqualified "Report of Independent Auditors". Similar unqualified opinions were included in the Village's CAFRs for the fiscal years ended December 31, 2006 - 2010. 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, 2010, 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, 2010, and the results of operations of such funds and cash flows of individual proprietary and similar trust funds for the year then ended in conformity with generally accepted accounting principles."

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

3. Excludes the Village's Agency Funds.

## VILLAGE OF PALATINE, ILLINOIS

Disclosures Required by SEC Rule 15c2-12  
Capital Assets  
December 31, 2010

Governmental Activities		Business Type Activities	
	Amount		Amount
Land	\$ 13,718,096	Land	\$ 2,906,138
Land right of ways	139,806,926	Improvements	15,881,477
Buildings	22,996,024	Machinery and equipment	2,253,567
Machinery and equipment	8,855,224	System lines	80,586,350
Streets	24,724,892	Total	101,627,532
Bridges	1,596,735		
Total	211,697,897		
Less Accumulated Depreciation	26,125,550	Less Accumulated Depreciation	49,306,874
Net Capital Assets	\$ 185,572,347	Net Capital Assets	\$ 52,320,658