

# **VILLAGE OF PALATINE, ILLINOIS**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED  
DECEMBER 31, 2013**



**VILLAGE OF PALATINE, ILLINOIS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Year Ended  
December 31, 2013**

Prepared by the Finance Department

Paul D. Mehring, CPA  
Director of Finance and Operations



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## **INTRODUCTORY SECTION**



**VILLAGE OF PALATINE, ILLINOIS**

**PRINCIPAL OFFICIALS**

December 31, 2013

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**MAYOR**

Jim Schwantz

**VILLAGE COUNCIL**

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

**VILLAGE CLERK**

Margaret Duer

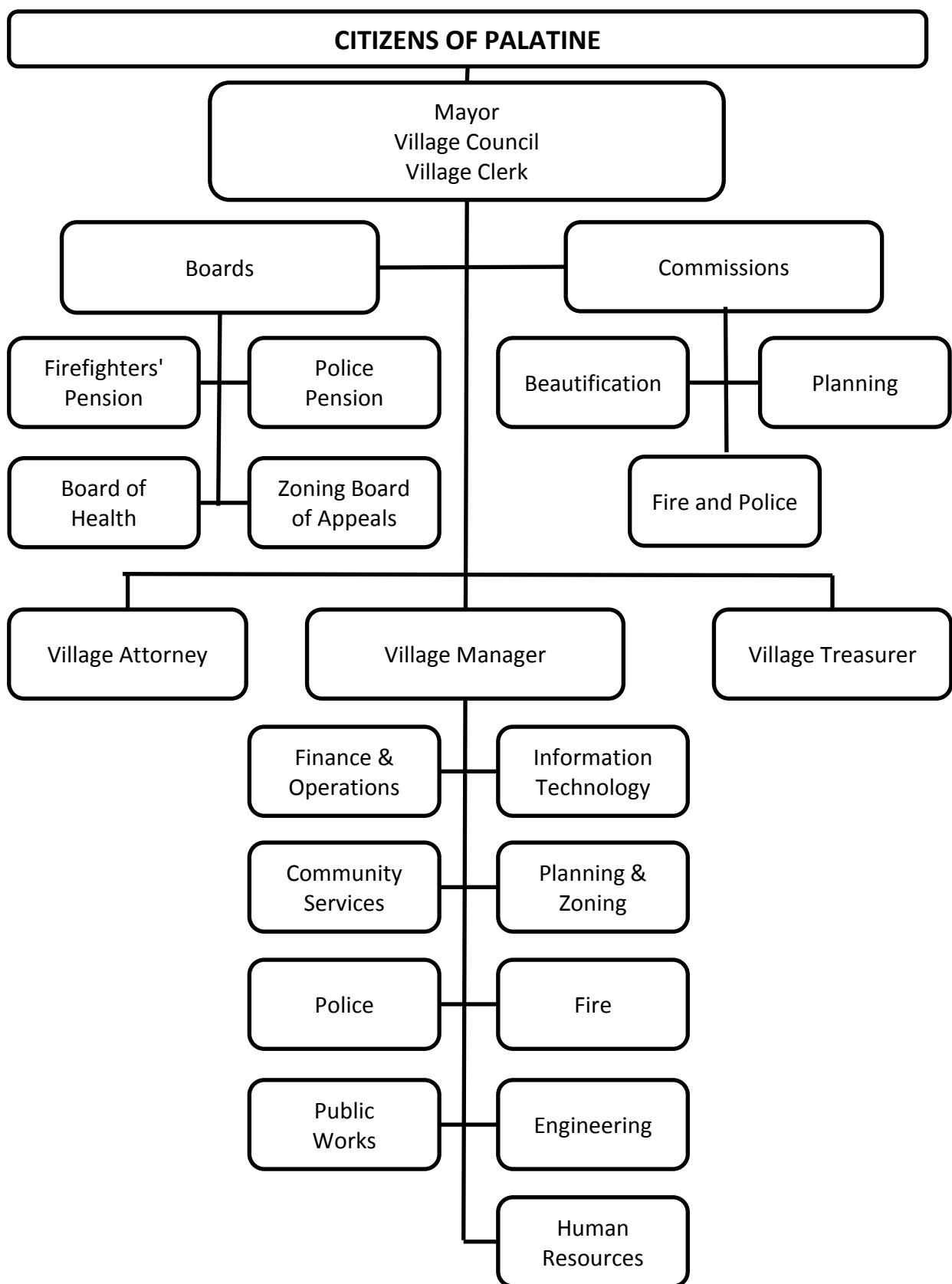
**ADMINISTRATIVE**

Reid Ottesen	Village Manager
Robert Kenny	Village Attorney
Jeffrey Boundy	Village Treasurer
Paul Mehring	Finance Director

VILLAGE OF PALATINE, ILLINOIS

ORGANIZATION CHART

December 31, 2013





Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Village of Palatine  
Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

A handwritten signature in black ink that reads "Jeffrey R. Eman". The signature is fluid and cursive, with "Jeffrey" on the top line and "R. Eman" on the bottom line.

Executive Director/CEO

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April 1, 2014

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, 2013.

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, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Village's financial statements for the calendar year ended December 31, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

## **Profile of the Government**

The Village of Palatine, incorporated on March 19, 1866, is located approximately 30 miles northwest of the City of Chicago in Cook County. The Village has a land area of 15 square miles and a population of 68,557. The Village is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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

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

The Village of Palatine has adopted sections 5/8-2-9.1, through and including sections 5/8-2-9.10 of Chapter 65 of the Illinois Compiled Statutes providing for an annual municipal budget in lieu of the passage of an annual appropriation ordinance. The annual budget serves as the foundation for the Village's financial planning and control. All departments of the Village are required to submit requests for appropriation to the Village Manager each year. The Village Manager uses these requests as the starting point for developing a proposed budget. The Village Manager then presents this proposed budget to the Mayor and Village Council for review. The Mayor and Council are required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 31, the close of the Village's fiscal year. The appropriated budget is prepared by fund and department. The Village Manager may make transfers of appropriations within a fund. Transfers of appropriations between funds, however, require the special approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, the Downtown TIF and the Rand Road Corridor Fund, this comparison is presented on pages 64-66 as part of the basic financial statements for the governmental funds. For governmental funds, other than the major funds, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 72.

## **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 revenue for calendar year 2013 increased by approximately \$400,000 (3.30%) from the prior year. This increase is a positive sign that the local economy is still experiencing some growth. It is an example of how 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 2010 census, ranked the Village 59th in the State of Illinois and 34.4% higher than the median for the State of Illinois. Currently, the Village is realizing the results of economic growth over the last ten years. This growth has come through increased residential and commercial/industrial construction.

In a suburban setting where it is often difficult to distinguish the boundaries of one community from a neighboring community, the economic activity of the "region" is a major influence on the economies of the individual communities. The Village of Palatine is located on the northern edge of the "I-90 Corridor" which extends along Interstate 90 from O'Hare Airport to Elgin, a stretch of approximately 25 miles. 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. As the Village of Palatine supplies Deer Park with water, their most recent development proposal and associated request for additional water allocation resulted in the Deer Park agreeing to share a portion of the sales taxes generated by the new development with the Village of Palatine.

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:

**Rand/Dundee Corridor** – TJ Maxx/Home Goods relocated from their space in the Park Place center to the former Linens N Things space in the Deer Grove center. In conjunction with their relocation, TJ Maxx/Home Goods completed some improvements to the interior and exterior of their new tenant space. The Village Council recently approved an amendment to the Deer Grove center's underlying planned development to allow the redevelopment of the former Applebee's site with a multi-tenant commercial building (including a drive-thru restaurant use). This redevelopment will eliminate an existing vacant building, provide an opportunity for multiple commercial uses, and help drive traffic into the overall Deer Grove center. Despite the current

vacancies within the Park Place center, the Village has had ongoing conversations with the center's owner and two retail uses that are interested in occupying larger tenant spaces within the center.

**Downtown Façade Program** - To help facilitate reinvestment in the Village's downtown commercial properties, the Village established a façade improvement program in late 2011. The program utilizes TIF funds for eligible exterior building improvements. The Village's 2013 budget included \$137,462 for the program and the 2014 budget includes another \$100,000. To date, ten different properties have undertaken façade improvements eligible for this program in a total amount of \$247,437.

**Patrick Hyundai** - Following the creation of the Rand/Lake Cook TIF District in 2012, Patrick Hyundai received formal approvals related to their new dealership and began construction. The new dealership opened in December 2013 and reportedly had the most sales for that month than any other Chicagoland Hyundai dealership. The Patrick Group is still pursuing additional commercial development opportunities on a portion of their property.

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

In addition to the economic development projects mentioned above, the Village has demonstrated a commitment to maintaining its infrastructure. In 2013, the Village spent over \$2.8 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. Additionally, a major improvement to the intersection of Palatine and Plum Grove Roads was recently completed. 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, 2012. This was the thirteenth 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

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## **FINANCIAL SECTION**





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Naperville, Illinois 60563

Certified Public Accountants & Advisors  
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, 2013, which collectively comprise the Village's basic financial statements as listed in the table of contents and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 financial statements are free of material misstatement.

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

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

### **Unmodified Opinion**

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's, as of December 31, 2013, 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.

### **Other Matters**

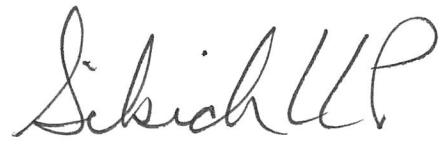
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, the supplementary financial information and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules and the supplementary financial information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated April 1, 2013 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

Naperville, Illinois  
April 1, 2014

A handwritten signature in black ink that reads "Schick LLP". The signature is fluid and cursive, with "Schick" on the first line and "LLP" on the second line.

## **General Purpose External Financial Statements**



**VILLAGE OF PALATINE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2013**

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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 4).

### **Financial Highlights**

- The Village's net position increased by \$8.1 million (3.6%) during the current year. The governmental net position increased by \$4.3 million and the business-type activities net position increased by \$3.8 million.
- The Village's combined Governmental Funds ending fund balance decreased \$3.8 million (6.0%).
- At the end of the current year, fund balance for the General Fund increased by \$1.6 million (7.8%) to \$22.2 million or 45.5% of General Fund expenditures.

### **USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL REPORT**

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

### **Government-Wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fund Financial Statement allows the demonstration of sources and uses and/or budgeting compliance associated therewith. All 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 7-12) 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 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Downtown TIF Fund, Rand Road Corridor TIF Fund, and General Obligation Bond Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

#### *Proprietary Funds*

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

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

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

***Fiduciary Funds***

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

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

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Financial Statements can be found on pages 21 - 63 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 64-71 of this report. The combining and individual fund statements for non-major governmental, enterprise, and internal service funds are presented on pages 72 - 101 of this report, immediately following the required supplementary information.

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

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**Infrastructure Assets**

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

**GOVERNMENT-WIDE STATEMENT**

**Statement of Position**

The Village's combined net position increased by \$8.1 million (3.6%) from the prior year. The following analysis will look at net position of the governmental and business-type activities separately. The total net position for governmental activities was \$174.4 million, a \$4.3 million (2.5%) increase. The business-type activities net position was \$59.1 million, a \$3.8 million (6.9%) increase from the prior year. The following table reflects the condensed statement of net position for the current and prior years (presented in millions):

	Current Year			Prior Year - as restated		
	Govern- ment- Activities	Business- type Activities	Total	Govern- ment- Activities	Business- type Activities	Total
Current and other assets	92.7	27.1	119.8	96.2	25.5	121.7
Capital assets	198.6	50.0	248.6	196.7	49.0	245.7
<b>Total Assets</b>	<b>291.3</b>	<b>77.1</b>	<b>368.4</b>	<b>292.9</b>	<b>74.5</b>	<b>367.4</b>
Deferred outflows of resources	0.5	0.1	0.6	0.7	0.1	0.8
Noncurrent liabilities	90.3	16.8	107.1	96.4	17.8	114.2
Other liabilities	5.3	1.3	6.6	5.2	1.5	6.7
<b>Total liabilities</b>	<b>95.6</b>	<b>18.1</b>	<b>113.7</b>	<b>101.6</b>	<b>19.3</b>	<b>120.9</b>
Deferred inflows of resources	21.8	-	21.8	21.9	-	21.9
Net position						
Net investment in capital assets	140.6	33.4	174.0	134.2	43.2	177.4
Restricted	3.6	-	3.6	3.2	-	3.2
Unrestricted	30.2	25.7	55.9	32.7	12.1	44.8
<b>Total net position</b>	<b>174.4</b>	<b>59.1</b>	<b>233.5</b>	<b>170.1</b>	<b>55.3</b>	<b>225.4</b>

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

**Normal Impacts on Net Position**

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

**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 position.

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

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

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

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

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

**Current Year Impacts**

The Village's \$8.1 million increase of combined net position (which is the Village's bottom line) was the result of the governmental activities net position increasing by \$4.3 million and the business-type activities net position increasing by \$3.8 million.

**Governmental Activities**

Total assets decreased by \$1.6 million. This decrease was mainly due to 1) a \$4.3 million reduction in land held for resale as a result of transferring \$2.0 million of the land to Business-Type Activities (Motor Vehicle Parking System Fund) and \$2.3 to the Illinois Department of Transportation, which represents right-of-way for the Palatine Road Project; 2) a decrease in due from other governments of \$0.7 million resulting from the collection of past due shared revenue from the State of Illinois and grant revenues from the Federal Government; and 3) a \$3.4 million increase in cash and investments as a result of changes occurring from the net results of activities. Total liabilities decreased by \$6.0 million, which is mainly due to the reduction of non-current liabilities from principal retirements during the year.

**Business-Type Activities**

Total assets increased by \$2.6 million and total liabilities decreased by \$1.2 million. The increase in total assets is due mainly to the combination of an increase of \$1.6 in current and other assets, which resulted mainly from increased cash balances in the Waterworks Fund due to rate increases adopted in calendar 2013, and an increase in capital assets of \$1.0 million due to capitalizations exceeding depreciation. The decrease in total liabilities is mainly a result of regular bond principal retirements.

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

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**Changes in Net Position**

The Village's combined change in net position of \$8.1 million represents an increase of \$1.9 million (31%) from the prior year. The Village's total revenues increased by \$0.9 million, while the cost of all programs decreased by \$1.0 million. The following chart shows the revenue and expenses of the Village's activities (presented in millions):

	Current Year			Prior Year - as restated		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
<b>Revenues</b>						
Program revenues						
Charges for services	10.0	18.4	28.4	9.5	18.5	28.0
Operating grants	13.2	-	13.2	12.7	-	12.7
Capital grants and contributions	0.3	2.2	2.5	0.6	0.4	1.0
General revenues						
Property taxes	31.5	-	31.5	32.9	-	32.9
Other taxes	9.5	-	9.5	9.8	-	9.8
Other revenues	6.9	-	6.9	6.5	-	6.5
<b>Total revenues</b>	<b>71.4</b>	<b>20.6</b>	<b>92.0</b>	<b>72.0</b>	<b>18.9</b>	<b>90.9</b>
<b>Expenses</b>						
Governmental activities						
General government	3.6	-	3.6	5.7	-	5.7
Public safety	39.2	-	39.2	39.2	-	39.2
Public works	14.3	-	14.3	11.0	-	11.0
Economic development	5.9	-	5.9	7.8	-	7.8
Interest & fiscal charges	4.4	-	4.4	4.7	-	4.7
Business-type activities						
Waterworks	-	7.5	7.5	-	6.9	6.9
Sewerage	-	3.3	3.3	-	3.7	3.7
Refuse collection	-	1.3	1.3	-	1.3	1.3
Motor vehicle parking	-	4.4	4.4	-	4.4	4.4
<b>Total expenses</b>	<b>67.4</b>	<b>16.5</b>	<b>83.9</b>	<b>68.4</b>	<b>16.3</b>	<b>84.7</b>
<b>Change in net position before transfers</b>	<b>4.0</b>	<b>4.1</b>	<b>8.1</b>	<b>3.6</b>	<b>2.6</b>	<b>6.2</b>
<b>Transfers</b>	<b>0.3</b>	<b>(0.3)</b>	<b>-</b>	<b>0.3</b>	<b>(0.3)</b>	<b>-</b>
<b>Change in net position</b>	<b>4.3</b>	<b>3.8</b>	<b>8.1</b>	<b>3.9</b>	<b>2.3</b>	<b>6.2</b>
<b>Net position, beginning - as restated</b>	<b>170.1</b>	<b>55.3</b>	<b>225.4</b>	<b>166.2</b>	<b>53.0</b>	<b>219.2</b>
<b>Net position, ending</b>	<b>174.4</b>	<b>59.1</b>	<b>233.5</b>	<b>170.1</b>	<b>55.3</b>	<b>225.4</b>

**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 Public Works, etc.), individual programs may be added or deleted to meet changing community needs.

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

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

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

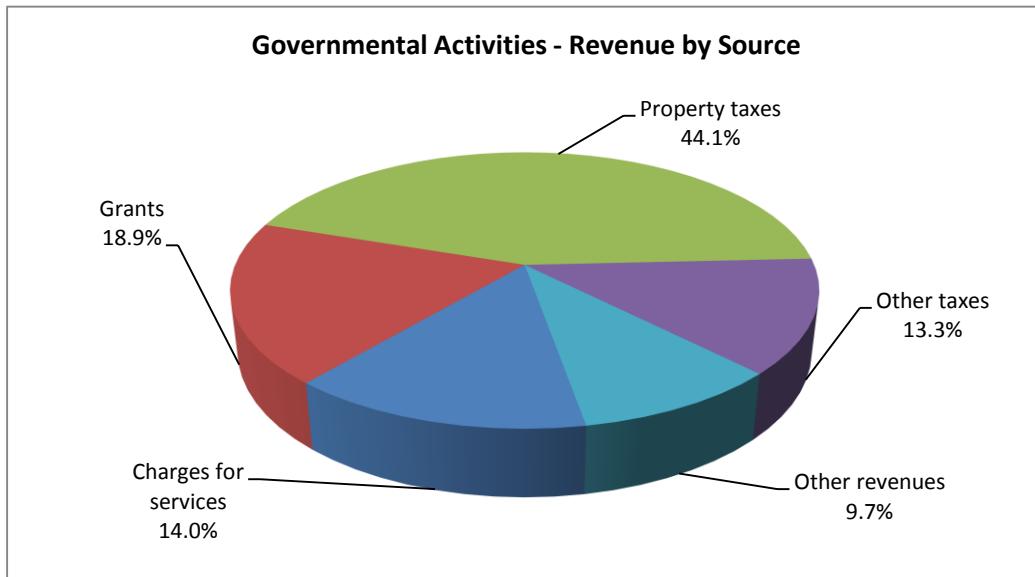
**VILLAGE OF PALATINE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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**Current Year Impacts**

***Governmental Activities***

**Revenues:**



For the current year, revenues from Governmental Activities totaled \$71.4 million. Property taxes continue to be the Village's largest revenue source coming in at \$31.5 million and representing 44.1% of total Governmental Activity revenue. Grants, representing support from other governmental agencies (mainly shared revenue from the State of Illinois), provide 18.9% of total governmental revenues.

Property tax receipts decreased slightly by \$1.4 million due to a decreased levy and the impact economic conditions had on tax collections.

Grants decreased by a slight \$0.2 million based on reduced Federal Grant revenues for public safety programs.

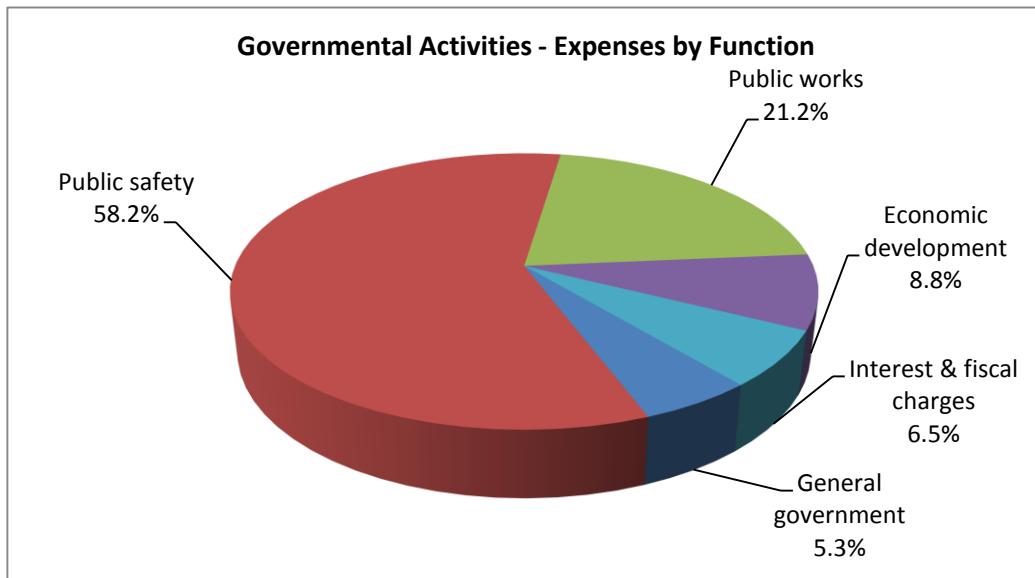
The \$0.4 million increase in other revenues is mainly due to an increase from the state shared income tax.

The charges for services category increase of \$0.5 million results from an increase in discretionary services that relate directly to improving economic conditions.

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

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### **Expenses**



For the current year, expenses from Governmental Activities totaled \$67.4 million, which represents a \$1.0 million (1.5%) decrease from the prior year.

General government expenses experienced a decrease of \$2.1 million (36.8%) as a result of the capitalization of contributed capital assets.

Public works expenses show an increase of \$3.3 million (30.0%) mainly due to expensing the land held for resale that was transferred to the Business-Type Activities and a state agency.

Economic development activities show a decrease of \$1.9 million (24.4%), as a result of reduced activities in the Village's TIF Funds.

Interest and fiscal charges reflect a \$0.3 decrease from reduced interest charges from paid-down principal balances.

### ***Business-Type Activities***

#### **Revenues**

Total revenue for the business-type activities experienced a \$1.7 million (9.0%) increase in the current year, which was mainly due to the capital contribution from the Governmental Activities to the Business-Type Activities.

#### **Expenses**

Business-type activity total expenses remained constant from the prior year.

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

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

***Governmental Funds***

The Governmental Funds (as presented on page 7-12) reported a combined total fund balance of \$59.9 million, which is a \$3.8 million decrease from the prior year balance of \$63.7 million. This decrease is mainly attributable to the planned use of reserves for development related activities. The total fund balance of \$59.9 million is comprised of the following components:

***Nonspendable Fund Balance*** of \$5.3 million represents the portion of fund balance that is not available to be spent, either short-term or long-term, in form: \$5.3 million for advances.

***Restricted Fund Balance*** totaling \$23.9 million represents the portion of fund balance that is subject to external enforceable legal restrictions: \$1.0 million for highways and streets; \$2.2 million for debt service; \$0.1 million for capital projects; \$0.7 million for public safety; and \$19.9 million for economic development.

***Assigned Fund Balance*** in the amount of \$16.3 million for capital projects represents the portion of fund balance denoted for an intended use of resources, or for all remaining fund balance in non-General funds that cannot be categorized above.

***Unassigned Fund Balance*** of \$14.4 million that represents available expendable financial resources that are not the object of tentative management plan. In the General Fund, this includes the operating reserves and the "Economic Stabilization" reserve as defined in the Village's adopted Reserve Policy.

The General Fund is the Village's primary operating fund and the largest source of day-to-day service delivery. The General Fund's total fund balance increased by \$1.6 million (7.8%) from the prior year; the fund balance for the prior year showed an increase of \$1.9 million. The net change in fund balance for the current year represents a \$1.6 million increase in operations. Revenues increased by \$1.4 million and expenditures increased by \$1.1 million, resulting in a \$0.2 million increase in results from operations compared to the prior year, both before other financing uses (transfers). Net financing sources (uses) increased by \$0.5 million, which had a negative effect on fund balance.

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

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

	<i>Current Year</i>				<i>Prior Year</i>
	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Actual</i>	
Revenues	\$ 49.8	\$ 49.8	\$ 52.2	\$ 50.8	
Expenditures	49.7	50.0	48.7	47.6	
Excess (deficiency) of revenues over expenditures	0.1	(0.2)	3.4	3.2	
Other financing sources (uses)	-	(1.8)	(1.8)	(1.3)	
<b>Net change in fund balance</b>	<b>\$ 0.1</b>	<b>\$ (2.0)</b>	<b>\$ 1.6</b>	<b>\$ 1.9</b>	

The General Fund's "key" revenues were fairly static from the prior year and include:

	<i>Current Year</i>	<i>Prior Year</i>	<i>Increase/(Decrease)</i>
Property tax	\$ 18.9	\$ 18.4	\$ 0.5
State sales tax	8.2	7.9	0.3
Home rule sales tax	4.3	4.2	0.1
State income tax	6.5	6.0	0.5

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

General Fund actual revenues and actual expenditures were \$2.4 million higher and \$1.3 million lower than the final budgeted amounts, respectively. A majority of the expenditure budget variance was due to decreased actual spending from vacant positions.

The Downtown TIF Fund experienced a negative net change in fund balance in the amount of \$7.6 million mainly as a result of land held for resale being recognized as an expenditure while transferring it to Capital Assets of the Business-Type Activities and a state agency. The Rand Road Corridor TIF Fund experienced a negative net change in fund balance of \$1.0 million mainly due to a transfer of funds to a contiguous TIF District to fund development expenditures. The General Obligation Bond Fund experienced a negative \$0.2 net change in fund balance based mainly on the planned use of reserves for tax levy stabilization.

***Proprietary Funds***

The Enterprise Funds' (as presented on pages 13-18) total net position increased by \$3.8 million (6.9%). This increase is mainly made up of \$2.2 million in the Waterworks Fund from water rate

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

---

increases implemented to fortify the working capital of this fund, and the \$1.4 million in the Motor Vehicle Parking Fund net income mainly from capital contributions.

**CAPITAL ASSETS**

The Village's investment in capital assets for its governmental and business-type activities amounts to \$248.6 million. The investment in capital assets includes land, buildings, equipment, improvements other than buildings, underground systems, infrastructure, and construction in progress. This amount represents a \$2.9 million increase (including additions and deductions) from the prior year. Detailed information regarding the change in capital assets for governmental and business-type activities is included in the Notes to the Financial Statements on pages 38 – 39.

The governmental activities and business-type activities net capital assets increased from last year by \$1.9 million and \$1.0 million, respectively, as a result of net capital additions and reductions exceeding depreciation.

**DEBT OUTSTANDING**

In calendar year 2013, the Village did not issue any General Obligation debt.

The Village currently has twenty-one general obligation bond series, one general obligation capital appreciation bond series, and one tax increment revenue limited obligation redevelopment notes series outstanding. \$95.9 million of general obligation bonds, \$6.1 million of general obligation capital appreciation bonds and \$0.1 million of tax increment revenue limited obligation redevelopment notes are currently outstanding.

\$25.6 million (25.1%) of the \$102.0 million currently outstanding general obligation bonds were issued for improvements in the Village's various TIF Districts. The issuance of these bonds did not produce capital assets for the Village; therefore, the unrestricted net position for Governmental Activities have been reduced by the amount of these bonds.

The Village, under its home rule authority, does not have a legal debt limit. In calendar year 2012, Moody's Investors Service reaffirmed the Village's 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 40-44.

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

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

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

The Fiscal Year 2014 budget includes a slight decrease in property tax revenues. Sales taxes are projected to increase due to the assumption that the economy will begin to moderately grow; however, this projection also takes into account known economic development activities that will produce sales tax. Building permit revenues and planning and inspection fees are projected to continue to remain relatively flat due to the continued depressed state of the housing market. State income tax revenue is forecasted to increase by 18% based on historical experience. A combined \$0.20 (4.9%) 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 state of the financial markets. Expenditures for commodities and other contractual services in most instances have been held flat. The budget includes economic development projects within the Village's Tax Increment Financing Districts.

**CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Paul D. Mehring, CPA, Director of Finance and Operations, Village of Palatine, 200 E. Wood Street, Palatine, IL 60067.

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VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2013

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 48,396,130	\$ 13,381,572	\$ 61,777,702
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	21,972,674	-	21,972,674
Accounts	-	1,652,874	1,652,874
Other	695,088	200,321	895,409
Due from other governments	4,574,956	-	4,574,956
Accrued interest	7,590	690	8,280
Prepaid expenses	60,650	-	60,650
Inventories	166,005	-	166,005
Land held for resale	16,867,257	-	16,867,257
Investment in joint venture			
Northwest Water Commission	-	11,841,410	11,841,410
Capital assets not being depreciated	151,415,325	4,858,690	156,274,015
Capital assets being depreciated (net of accumulated depreciation)	47,186,250	45,182,055	92,368,305
Total assets	291,341,925	77,117,612	368,459,537
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	530,410	105,020	635,430
Total deferred outflows of resources	530,410	105,020	635,430
<b>LIABILITIES</b>			
Accounts payable	1,480,187	1,000,685	2,480,872
Accrued payroll	949,423	46,382	995,805
Accrued interest payable	327,330	33,550	360,880
Due to fiduciary funds	35,877	-	35,877
Deposits payable	877,706	145,588	1,023,294
Claims payable	1,610,635	-	1,610,635
Unearned revenues	14,291	142,580	156,871
Noncurrent liabilities			
Due within one year	6,512,347	2,705,582	9,217,929
Due in more than one year	83,829,738	14,088,845	97,918,583
Total liabilities	95,637,534	18,163,212	113,800,746
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable property tax revenue	21,814,343	-	21,814,343
Total deferred inflows of resources	21,814,343	-	21,814,343
<b>NET POSITION</b>			
Net investment in capital assets	140,609,666	38,430,520	179,040,186
Restricted for			
Streets and highways	994,753	-	994,753
Debt service	1,865,098	-	1,865,098
Public safety	740,936	-	740,936
Unrestricted	30,210,005	20,628,900	50,838,905
<b>TOTAL NET POSITION</b>	<b>\$ 174,420,458</b>	<b>\$ 59,059,420</b>	<b>\$ 233,479,878</b>

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2013

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FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General government	\$ 3,618,746	\$ 3,684,856	\$ 9,862,200	\$ -
Public safety	39,226,832	4,128,702	585,595	60,485
Public works	14,290,195	2,107,948	2,019,914	255,345
Economic development	5,914,067	-	124,859	-
Interest and fiscal charges	4,334,822	-	622,676	-
<b>Total governmental activities</b>	<b>67,384,662</b>	<b>9,921,506</b>	<b>13,215,244</b>	<b>315,830</b>
Business-Type Activities				
Waterworks	7,511,430	9,767,730	-	-
Sewerage	3,335,908	3,422,980	-	225,345
Motor vehicle parking system	1,269,605	683,780	-	1,952,555
Refuse collection	4,426,461	4,511,043	-	-
<b>Total business-type activities</b>	<b>16,543,404</b>	<b>18,385,533</b>	<b>-</b>	<b>2,177,900</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 83,928,066</b>	<b>\$ 28,307,039</b>	<b>\$ 13,215,244</b>	<b>\$ 2,493,730</b>

See accompanying notes to financial statements.

Net (Expense) Revenue and Change in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	
\$ 9,928,310	\$ -	\$ 9,928,310	
(34,452,050)	-	(34,452,050)	
(9,906,988)	-	(9,906,988)	
(5,789,208)	-	(5,789,208)	
(3,712,146)	-	(3,712,146)	
(43,932,082)	-	(43,932,082)	
-	2,256,300	2,256,300	
-	312,417	312,417	
-	1,366,730	1,366,730	
-	84,582	84,582	
-	4,020,029	4,020,029	
(43,932,082)	4,020,029	(39,912,053)	

General Revenues			
Taxes			
Property	31,515,066	-	31,515,066
Home rule sales	4,305,118	-	4,305,118
Telecommunications	2,239,240	-	2,239,240
Electric utility use	1,722,005	-	1,722,005
Other	1,242,698	-	1,242,698
State shared income tax	6,532,135	-	6,532,135
Investment income	300,305	20,064	320,369
Miscellaneous	193,597	-	193,597
Transfers	250,000	(250,000)	-
Total	48,300,164	(229,936)	48,070,228
CHANGE IN NET POSITION	4,368,082	3,790,093	8,158,175
NET POSITION, JANUARY 1 - AS RESTATED	170,052,376	55,269,327	225,321,703
NET POSITION, DECEMBER 31	\$ 174,420,458	\$ 59,059,420	\$ 233,479,878

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2013

	General	Downtown TIF	Rand Road Corridor TIF	General Obligation Bond	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 14,703,048	\$ 2,852,859	\$ 88,214	\$ 2,177,269	\$ 20,493,004	\$ 40,314,394
Receivables (net, where applicable, of allowances for uncollectibles)						
Property taxes	19,344,267	24,266	-	2,604,141	-	21,972,674
Other	670,240	-	-	-	-	670,240
Due from other governments	3,623,068	-	-	-	951,888	4,574,956
Accrued interest	1,105	320	-	95	590	2,110
Due from other funds	18,532	-	43,615	-	-	62,147
Land held for resale	-	8,253,799	8,613,458	-	-	16,867,257
Advance to other funds	5,277,920	-	-	-	-	5,277,920
<b>TOTAL ASSETS</b>	<b>\$ 43,638,180</b>	<b>\$ 11,131,244</b>	<b>\$ 8,745,287</b>	<b>\$ 4,781,505</b>	<b>\$ 21,445,482</b>	<b>\$ 89,741,698</b>

See accompanying notes to financial statements.

	General	Downtown TIF	Rand Road Corridor TIF	General Obligation Bond	Nonmajor Governmental Funds	Total Governmental Funds
<b>LIABILITIES</b>						
Accounts payable	\$ 408,168	\$ 40,678	\$ 8,104	\$ 584	\$ 417,299	\$ 874,833
Accrued payroll	931,909	-	-	-	241	932,150
Due to other funds	-	-	-	-	62,147	62,147
Due to fiduciary funds	35,877	-	-	-	-	35,877
Deposits payable	877,706	-	-	-	-	877,706
Unearned revenues	-	-	-	-	11,005	11,005
Advance from other funds	-	5,277,920	-	-	-	5,277,920
 Total liabilities	 2,253,660	 5,318,598	 8,104	 584	 490,692	 8,071,638
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable property taxes	19,225,850	-	-	2,588,493	-	21,814,343
<b>FUND BALANCES</b>						
Nonspendable in form - advances	5,277,920	-	-	-	-	5,277,920
Restricted for streets and highways	-	-	-	-	994,753	994,753
Restricted for debt service	-	-	-	2,192,428	-	2,192,428
Restricted for capital projects	-	-	-	-	38,438	38,438
Restricted for public safety	-	-	-	-	740,936	740,936
Restricted for economic development	-	8,253,799	8,737,183	-	2,918,623	19,909,605
Unrestricted						
Assigned for capital projects	-	-	-	-	16,305,655	16,305,655
Unassigned	16,880,750	(2,441,153)	-	-	(43,615)	14,395,982
 Total fund balances	 22,158,670	 5,812,646	 8,737,183	 2,192,428	 20,954,790	 59,855,717
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
	\$ 43,638,180	\$ 11,131,244	\$ 8,745,287	\$ 4,781,505	\$ 21,445,482	\$ 89,741,698

See accompanying notes to financial statements.

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VILLAGE OF PALATINE, ILLINOIS

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

December 31, 2013

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FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 59,855,717
<hr/>	
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	198,601,575
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(85,594,769)
Unamortized discount on long-term debt are expenditures in governmental funds in the year of issuance but are capitalized and amortized on the statement of net position	52,945
Unamortized premium on long-term debt are expenditures in governmental funds in the year of issuance but are capitalized and amortized on the statement of net position	(702,160)
Charges on refundings are reported as a deferred outflow of resources on the statement of net position	530,410
Accrued interest on long-term debt is reported as a liability on the statement of net position	(327,330)
Compensated absences payable is not due and payable in the current period and, therefore, is not reported in governmental funds	(2,145,520)
Less compensated absences payable reported in internal service funds	25,585
The net position of internal service funds is included in the governmental activities in the statement of net position	6,076,586
The net OPEB obligation is not a current financial resource and, therefore, is not reported in the governmental funds	(1,030,961)
The net pension obligation is not a current financial resource and, therefore, is not reported in the governmental funds	<u>(921,620)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 174,420,458</u></b>

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, 2013

	Downtown		Rand Road Corridor TIF	General Obligation Bond	Nonmajor Governmental Funds	Total Governmental Funds
	General	TIF				
<b>REVENUES</b>						
Taxes	\$ 26,061,334	\$ 4,850,953	\$ 2,253,091	\$ 2,767,147	\$ 5,091,603	\$ 41,024,128
Licenses and permits	2,822,149	-	-	-	-	2,822,149
Intergovernmental	18,176,446	125,624	-	497,052	3,303,345	22,102,467
Charges for services	3,380,429	-	-	-	303,041	3,683,470
Fines and forfeits	1,336,226	-	-	-	40,403	1,376,629
Investment income	257,429	8,590	1,602	5,062	27,622	300,305
Miscellaneous	152,334	-	-	-	41,262	193,596
<b>Total revenues</b>	<b>52,186,347</b>	<b>4,985,167</b>	<b>2,254,693</b>	<b>3,269,261</b>	<b>8,807,276</b>	<b>71,502,744</b>
<b>EXPENDITURES</b>						
Current						
General government	5,532,910	-	-	-	-	5,532,910
Public safety	36,975,266	-	-	-	174,694	37,149,960
Public works	6,228,622	-	-	-	-	6,228,622
Economic development	-	2,253,449	360,759	-	3,299,859	5,914,067
Capital outlay	-	4,890,087	71,249	-	5,130,305	10,091,641
Debt service						
Principal retirement	-	3,855,647	950,000	1,541,165	-	6,346,812
Interest	-	1,548,221	880,598	1,956,940	-	4,385,759
Fiscal charges	-	3,597	1,000	3,706	-	8,303
<b>Total expenditures</b>	<b>48,736,798</b>	<b>12,551,001</b>	<b>2,263,606</b>	<b>3,501,811</b>	<b>8,604,858</b>	<b>75,658,074</b>

See accompanying notes to financial statements.

	General	Downtown TIF	Rand Road Corridor TIF	General Obligation Bond	Nonmajor Governmental Funds	Total Governmental Funds
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,449,549	(7,565,834)	(8,913)	(232,550)	202,418	(4,155,330)
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	-	-	-	-	115,692	115,692
Transfers in	-	-	-	-	5,249,753	5,249,753
Transfers (out)	(1,848,000)	-	(1,000,000)	-	(2,151,753)	(4,999,753)
Total other financing sources (uses)	(1,848,000)	-	(1,000,000)	-	3,213,692	365,692
NET CHANGE IN FUND BALANCE	1,601,549	(7,565,834)	(1,008,913)	(232,550)	3,416,110	(3,789,638)
FUND BALANCE, JANUARY 1 - AS RESTATED	20,557,121	13,378,480	9,746,096	2,424,978	17,538,680	63,645,355
FUND BALANCE, DECEMBER 31	\$ 22,158,670	\$ 5,812,646	\$ 8,737,183	\$ 2,192,428	\$ 20,954,790	\$ 59,855,717

See accompanying notes to financial statements.

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VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (3,789,638)
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	4,410,160
Some expenses in the statement of activities (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Depreciation	(2,466,155)
The repayment of principal on long-term debt is reported as an expenditure in governmental funds but as a reduction of principal outstanding in the statement of activities	
Principal repayment	6,346,812
The amortization of discount on long-term debt is reported as an expense on the statement of activities	(5,480)
The amortization of premium on long-term debt is reported as revenue on the statement of activities	167,135
The amortization of the loss on refunding on long-term debt is reported as an expense on the statement of activities	(135,855)
The change in the accrual of interest on long-term debt is reported as an expense on the statement of activities	33,440
The change in compensated absences payable is shown as an expense on the statement of activities	(205,845)
The change in net position of certain activities of internal service funds is reported in governmental funds on the statement of activities	305,759
The change in net OPEB obligation is not a current financial resource and, therefore, is not reported in the governmental funds	(162,405)
The change in net pension obligation is not a current financial resource and, therefore, is not reported in the governmental funds	<u>(129,846)</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 4,368,082</u></u>

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

December 31, 2013

	Business-Type Activities					Governmental Activities	
	Waterworks	Sewerage	Motor Vehicle	Refuse Collection	Total	Internal Service	
			Parking System				
<b>CURRENT ASSETS</b>							
Cash and investments	\$ 6,518,966	\$ 3,266,518	\$ 1,463,470	\$ 2,132,618	\$ 13,381,572	\$ 8,081,736	
Receivables (net, where applicable, of allowances for uncollectibles)							
Accounts	1,159,672	444,278	-	48,924	1,652,874	-	
Other	-	44,200	-	156,121	200,321	24,848	
Accrued interest	335	195	85	75	690	5,480	
Prepaid expenses	-	-	-	-	-	60,650	
Inventories	-	-	-	-	-	166,005	
 Total current assets	 7,678,973	 3,755,191	 1,463,555	 2,337,738	 15,235,457	 8,338,719	
 <b>NONCURRENT ASSETS</b>	 	 	 	 	 	 	
Capital assets							
Land	740,200	-	4,118,490	-	4,858,690	-	
Buildings and improvements	6,739,405	597,545	15,881,480	-	23,218,430	-	
Systems and improvements	17,577,895	59,064,820	-	-	76,642,715	-	
Machinery and equipment	2,164,615	286,080	-	-	2,450,695	-	
Accumulated depreciation	(14,255,485)	(34,150,570)	(8,723,730)	-	(57,129,785)	-	
 Total capital assets	 12,966,630	 25,797,875	 11,276,240	 -	 50,040,745	 -	
Other assets							
Investment in joint venture							
Northwest Water Commission	11,841,410	-	-	-	11,841,410	-	
 Total noncurrent assets	 24,808,040	 25,797,875	 11,276,240	 -	 61,882,155	 -	
 Total assets	 32,487,013	 29,553,066	 12,739,795	 2,337,738	 77,117,612	 8,338,719	

See accompanying notes to financial statements.

	Business-Type Activities					Governmental Activities	
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred charge on refunding	\$ 3,610	\$ 101,410	\$ -	\$ -	\$ 105,020	\$ -	
Total deferred outflows of resources	3,610	101,410	-	-	105,020	-	
<b>CURRENT LIABILITIES</b>							
Accounts payable	213,611	496,074	44,698	246,302	1,000,685	605,354	
Accrued payroll	31,445	14,937	-	-	46,382	17,273	
Accrued interest payable	3,185	30,365	-	-	33,550	-	
Deposits payable	145,588	-	-	-	145,588	-	
Claims payable	-	-	-	-	-	1,610,635	
Unearned revenues	-	-	-	142,580	142,580	3,286	
Compensated absences payable	20,197	3,630	-	-	23,827	5,117	
General obligation bonds payable	1,900,775	780,980	-	-	2,681,755	-	
Total current liabilities	2,314,801	1,325,986	44,698	388,882	4,074,367	2,241,665	
<b>LONG-TERM LIABILITIES</b>							
Compensated absences payable	80,788	14,520	-	-	95,308	20,468	
General obligation bonds payable	5,047,591	8,945,946	-	-	13,993,537	-	
Total long-term liabilities	5,128,379	8,960,466	-	-	14,088,845	20,468	
Total liabilities	7,443,180	10,286,452	44,698	388,882	18,163,212	2,262,133	
<b>NET POSITION</b>							
Net investment in capital assets	10,786,330	16,367,950	11,276,240	-	38,430,520	-	
Unrestricted	14,261,113	3,000,074	1,418,857	1,948,856	20,628,900	6,076,586	
<b>TOTAL NET POSITION</b>	<b>\$ 25,047,443</b>	<b>\$ 19,368,024</b>	<b>\$ 12,695,097</b>	<b>\$ 1,948,856</b>	<b>\$ 59,059,420</b>	<b>\$ 6,076,586</b>	

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

	Business-Type Activities					Governmental Activities
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service
<b>OPERATING REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,125
Charges for services	9,722,240	3,381,113	683,780	4,511,043	18,298,176	9,462,236
Miscellaneous	45,490	41,867	-	-	87,357	601,592
<b>Total operating revenues</b>	<b>9,767,730</b>	<b>3,422,980</b>	<b>683,780</b>	<b>4,511,043</b>	<b>18,385,533</b>	<b>10,076,953</b>
<b>OPERATING EXPENSES</b>						
<b>EXCLUDING DEPRECIATION</b>						
Costs of sales and services	6,419,661	1,730,846	485,525	4,426,461	13,062,493	9,792,782
<b>Total operating expenses excluding depreciation</b>	<b>6,419,661</b>	<b>1,730,846</b>	<b>485,525</b>	<b>4,426,461</b>	<b>13,062,493</b>	<b>9,792,782</b>
<b>OPERATING INCOME BEFORE DEPRECIATION</b>						
	3,348,069	1,692,134	198,255	84,582	5,323,040	284,171
<b>DEPRECIATION</b>	<b>720,930</b>	<b>1,210,365</b>	<b>784,080</b>	<b>-</b>	<b>2,715,375</b>	<b>-</b>
<b>OPERATING INCOME (LOSS)</b>	<b>2,627,139</b>	<b>481,769</b>	<b>(585,825)</b>	<b>84,582</b>	<b>2,607,665</b>	<b>284,171</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income	7,026	8,069	1,063	3,906	20,064	21,588
Interest expense	(441,898)	(394,697)	-	-	(836,595)	-
Joint venture	71,059	-	-	-	71,059	-
<b>Total nonoperating revenues (expenses)</b>	<b>(363,813)</b>	<b>(386,628)</b>	<b>1,063</b>	<b>3,906</b>	<b>(745,472)</b>	<b>21,588</b>

See accompanying notes to financial statements.

	Business-Type Activities					Governmental Activities
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	2,263,326	95,141	(584,762)	88,488	1,862,193	305,759
Contributions	-	225,345	1,952,555	-	2,177,900	-
Transfers (out)	(100,000)	(50,000)	-	(100,000)	(250,000)	-
CHANGE IN NET POSITION	2,163,326	270,486	1,367,793	(11,512)	3,790,093	305,759
NET POSITION, JANUARY 1	<u>22,884,117</u>	<u>19,097,538</u>	<u>11,327,304</u>	<u>1,960,368</u>	<u>55,269,327</u>	<u>5,770,827</u>
NET POSITION, DECEMBER 31	<u><u>\$ 25,047,443</u></u>	<u><u>\$ 19,368,024</u></u>	<u><u>\$ 12,695,097</u></u>	<u><u>\$ 1,948,856</u></u>	<u><u>\$ 59,059,420</u></u>	<u><u>\$ 6,076,586</u></u>

See accompanying notes to financial statements.

## VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended December 31, 2013

	Business-Type Activities					Governmental Activities
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 9,847,305	\$ 3,442,406	\$ 683,780	\$ 4,546,567	\$ 18,520,058	\$ 1,869,989
Receipts from interfund services transactions	-	-	-	-	-	8,200,620
Payments to suppliers	(5,233,454)	(646,454)	(476,679)	(4,671,937)	(11,028,524)	(8,638,054)
Payments to employees	(1,572,279)	(650,130)	-	-	(2,222,409)	(789,765)
Net cash from operating activities	3,041,572	2,145,822	207,101	(125,370)	5,269,125	642,790
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers (out)	(100,000)	(50,000)	-	(100,000)	(250,000)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Capital assets purchased	(545,065)	(1,002,855)	-	-	(1,547,920)	-
Principal payments on long-term debt	(554,380)	(794,455)	-	-	(1,348,835)	-
Interest and fiscal charges paid on long-term debt	(59,388)	(388,082)	-	-	(447,470)	-
Net cash from capital and related financing activities	(1,158,833)	(2,185,392)	-	-	(3,344,225)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest received	9,326	17,309	1,258	7,331	35,224	36,683
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,792,065	(72,261)	208,359	(218,039)	1,710,124	679,473
CASH AND CASH EQUIVALENTS, JANUARY 1	4,726,901	3,338,779	1,255,111	2,350,657	11,671,448	7,402,263
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 6,518,966	\$ 3,266,518	\$ 1,463,470	\$ 2,132,618	\$ 13,381,572	\$ 8,081,736

See accompanying notes to financial statements.

	Business-Type Activities					Governmental Activities	
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Operating income (loss)	\$ 2,627,139	\$ 481,769	\$ (585,825)	\$ 84,582	\$ 2,607,665	\$ 284,171	
Adjustments to reconcile operating income (loss) to net cash from operating activities							
Depreciation	720,930	1,210,365	784,080	-	2,715,375	-	
(Increase) decrease in							
Accounts receivables	80,975	15,832	-	17,760	114,567	-	
Other receivables	-	3,594	-	17,514	21,108	(5,326)	
Prepaid expenses	-	-	-	-	-	(4,863)	
Inventories	-	-	-	-	-	18,995	
Increase (decrease) in							
Accounts payable	(364,268)	427,134	8,846	(245,476)	(173,764)	152,919	
Accrued payroll	(6,957)	2,474	-	-	(4,483)	3,107	
Deposits payable	(1,400)	-	-	-	(1,400)	-	
Claims payable	-	-	-	-	-	234,675	
Unearned revenue	-	-	-	250	250	(1,018)	
Compensated absences payable	(14,847)	4,654	-	-	(10,193)	(39,870)	
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 3,041,572</u>	<u>\$ 2,145,822</u>	<u>\$ 207,101</u>	<u>\$ (125,370)</u>	<u>\$ 5,269,125</u>	<u>\$ 642,790</u>	

**SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES**

Capital contributions	\$ -	\$ 225,345	\$ 1,952,555	\$ -	\$ 2,177,900	\$ -
Change in investment in joint venture	71,059	-	-	-	71,059	-
TOTAL NONCASH INVESTING AND FINANCING ACTIVITIES	<u>\$ 71,059</u>	<u>\$ 225,345</u>	<u>\$ 1,952,555</u>	<u>\$ -</u>	<u>\$ 2,248,959</u>	<u>\$ -</u>

See accompanying notes to financial statements.

## VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF NET POSITION  
FIDUCIARY FUNDS

December 31, 2013

	Pension	Trust	Agency
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,758	\$ 1,335,826	
Investments			
U.S. Treasury securities	15,757,499		-
U.S. agency securities	3,894,253		-
Corporate and international bonds	21,685,914		-
Municipal bonds	804,543		-
Money market mutual funds	1,180,065		-
Equities	70,661,597		-
Receivables			
Property taxes	-	639,996	
Accrued interest	259,595		-
Due from primary government	35,877		-
 Total assets	 114,281,101	 \$ 1,975,822	
<b>LIABILITIES</b>			
Other liabilities	\$ -	\$ 1,124,277	
Due to bondholders	-	851,545	
 TOTAL LIABILITIES	 -	 \$ 1,975,822	
<b>NET POSITION</b>			
Held in trust for pension benefits		<u>\$ 114,281,101</u>	

See accompanying notes to financial statements.

## VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS

For the Year Ended December 31, 2013

## ADDITIONS

Contributions	
Employer	\$ 5,927,904
Employee	1,790,034
Miscellaneous income	<u>81</u>
Total contributions	<u>7,718,019</u>

## Investment earnings

Net increase in the fair value of investments	11,238,592
Interest	<u>2,300,911</u>
Total investment earnings	13,539,503
Less investment expense	<u>(483,540)</u>
Net investment earnings	<u>13,055,963</u>
Total additions	<u>20,773,982</u>

## DEDUCTIONS

Administration	27,858
Benefits and refunds	
Retirement benefits	6,240,204
Refunds of contributions	<u>63,807</u>
Total deductions	<u>6,331,869</u>

## CHANGE IN NET POSITION

14,442,113

## NET POSITION

January 1	<u>99,838,988</u>
December 31	<u>\$ 114,281,101</u>

See accompanying notes to financial statements.

## VILLAGE OF PALATINE, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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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 (PPERS)

The Village's police employees participate in the PPERS. PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's Mayor, one elected pension beneficiary and two elected police employees constitute the pension board. The Village and PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village's police employees and because of the fiduciary nature of such activities, PPERS is reported as a pension trust fund.

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Firefighters' Pension Employees Retirement System (FPERS)

The Village's sworn firefighters participate in the 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 non-equity proprietary joint venture.

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting

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

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

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

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

Fiduciary funds are used to account for 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 and various other activities) which are generally used to account for assets that the Village holds in a fiduciary capacity.

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

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

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

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

The Village reports the following major governmental funds:

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

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

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

The General Obligation Bond Fund accounts for the accumulation of resources and payment of the principal and interest of the Village's general obligation bonded debt.

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Village reports the following major proprietary funds:

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

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

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

The Refuse Collection Fund accounts for the refuse collection and recycling services provided by the Village.

Additionally, the Village reports the following proprietary fund:

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

The Village reports pension trust funds as fiduciary funds to account for the Police Pension Fund and Firefighters' Pension Fund. The Special Service Areas Fund, Letters of Credit Funds, Section 125 Fund and ERT Hazmat Fund 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.

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

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

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

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

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

g. Inventories

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

h. Deferred Charge on Refunding

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

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Prepaid Items/Expenses

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

j. Land Held for Resale

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

k. Capital Assets

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

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

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

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:

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Capital Assets (Continued)

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

l. Compensated Absences

The government's policy permits employees to accumulate earned but unused sick leave and vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

m. Rebatable Arbitrage

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

n. Long-Term Obligations

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

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

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Fund Balance/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not spendable in form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities or internally restricted via enabling legislation. Committed fund balance is constrained by formal actions of the Village's Board of Trustees, which is considered the Village's highest level of decision making authority. Formal actions include resolutions and ordinances approved by the Board of Trustees. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Finance Director by the Village Board of Trustees. Any residual fund balance is reported as unassigned.

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

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

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

p. Interfund Transactions

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

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

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Deferred Outflows/Inflows of Resources

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

2. DEPOSITS AND INVESTMENTS

a. Village Deposits and Investments

The Village's investment policy authorizes the Village to invest in all investments allowed by Illinois Compiled Statutes (ILCS). 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.

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

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2. DEPOSITS AND INVESTMENTS (Continued)

a. Village Deposits and Investments (Continued)

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.

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 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.

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

Concentration of credit risk is the risk that the Village has a high percentage of their investments invested in one type of investment. At the date of this report, the Village had greater than 5% of its overall portfolio invested in money market mutual funds. 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)

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2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Fund Deposits and Investments

The Police Pension Fund's investment policy authorizes the Police Pension Fund to invest in all investments allowed by ILCS. 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, corporate bonds, 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 the date of this report 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 the date of this report:

Investment Type	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 5,139,445	\$ 501,550	\$ 735,513	\$ 1,548,900	\$ 2,353,482
U.S. agency obligations	1,475,891	-	764,278	217,994	493,619
Corporate bonds	12,077,710	551,941	5,518,670	5,693,854	313,245
Municipal bonds	804,543	90,483	177,557	294,566	241,937
<b>TOTAL</b>	<b>\$ 19,497,589</b>	<b>\$ 1,143,974</b>	<b>\$ 7,196,018</b>	<b>\$ 7,755,314</b>	<b>\$ 3,402,283</b>

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

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2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Fund Deposits and 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 and corporate bonds rated as investment grade. The U.S. agency obligations and municipal bonds, for those rated, range in rating from Aaa to Aa2 and the corporate bonds range from Aa1 to Baa3.

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.

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% to 45% and 0% to 10% ranges, respectively. Fixed income securities should comprise 54% to 65% of investments. Cash holdings should be 0% to 1%. All investments fall within their acceptable ranges at the date of this report. At the date of this report, the Police Pension Fund had greater than 5% of its overall portfolio invested in U.S. Treasury and U.S. agency obligations, which is in accordance with the Police Pension Fund's investment policy.

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

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2. DEPOSITS AND INVESTMENTS (Continued)

c. Firefighters' Pension Fund Deposits and Investments

The Firefighters' Pension Fund's investment policy authorizes the Firefighters' Pension Fund to invest in all investments allowed by ILCS. 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, corporate bonds, 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 the date of this report 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 the date of this report:

Investment Type	Fair Value	Investment Maturities in Years				
		Less Than 1	1-5	6-10	Greater than 10	
U.S. Treasury obligations	\$ 10,618,054	\$ 190,148	\$ 5,211,253	\$ 5,216,653	\$ -	-
U.S. agency obligations	2,418,362	661,369	1,742,498	14,495	-	-
Corporate bonds	9,608,204	257,633	6,868,848	2,237,371	244,352	
<b>TOTAL</b>	<b>\$ 22,644,620</b>	<b>\$ 1,109,150</b>	<b>\$ 13,822,599</b>	<b>\$ 7,468,519</b>	<b>\$ 244,352</b>	

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

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2. DEPOSITS AND INVESTMENTS (Continued)

c. Firefighters' Pension Fund Deposits and 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 and corporate bonds rated as investment grade. The U.S. agency obligations, for those rated, range in rating from Aaa to Aa2 and the corporate bonds range from Aaa to Baa2.

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.

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 33.6% to 38.2% and 9.4% to 11.8% ranges, respectively. Fixed income securities should comprise 50.7% to 60.7% of investments. Cash holdings should be 0% to 5.5%. All investments fall within their acceptable ranges at the date of this report. At the date of this report, the Firefighters' Pension Fund had greater than 5% of its overall portfolio invested in U.S. Treasury and U.S. agency obligations, 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 2013 attach as an enforceable lien on January 1, 2013, on property values assessed as of the same date. Taxes are levied by December of the fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about February 1 and August 1 each year and are payable in two installments, on or about March 1 and September 1. The County collects such taxes and remits them periodically.

The Village has elected, under governmental accounting standards, to match its property tax revenues to the fiscal year that the tax levy is intended to finance. Therefore, the entire 2013 tax levy has been recorded as unavailable revenue on the financial statements.

b. Other Receivables

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

GOVERNMENTAL ACTIVITIES	
Hotel occupancy tax	\$ 9,700
Ambulance service and fees	108,840
Cable franchise fees	210,170
Food and beverage tax	116,335
Red light violations	63,500
Electric utility tax	161,695
Billed receivables	<u>24,848</u>
Total governmental activities	<u>695,088</u>
BUSINESS-TYPE ACTIVITIES	
Disposal fees	156,121
Sewer loan program	<u>44,200</u>
Total business-type activities	<u>200,321</u>
TOTAL OTHER RECEIVABLES	
	\$ <u>895,409</u>

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

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3. RECEIVABLES (Continued)

c. Due from Other Governments

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

GOVERNMENTAL ACTIVITIES	
State sales tax	\$ 1,890,210
Home rule sales tax	749,520
Grants	223,370
State income tax	766,288
Court fines	59,960
Other state sources	157,993
Motor fuel tax allotments	171,555
Telecommunications tax	<u>556,060</u>
 Total government activities	4,574,956
 BUSINESS-TYPE ACTIVITIES	 -
 TOTAL DUE FROM OTHER GOVERNMENTS	 <u>\$ 4,574,956</u>

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance*	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 9,576,900	\$ 2,031,500	\$ -	\$ 11,608,400
Land right of way	139,806,925	-	-	139,806,925
Total capital assets not being depreciated	<u>149,383,825</u>	<u>2,031,500</u>	<u>-</u>	<u>151,415,325</u>
Capital assets being depreciated				
Buildings and improvements	38,682,175	150,675	-	38,832,850
Machinery and equipment	8,890,700	950,820	360,330	9,481,190
Streets	25,950,755	1,277,165	46,650	27,181,270
Bridges	1,596,735	-	-	1,596,735
Total capital assets being depreciated	<u>75,120,365</u>	<u>2,378,660</u>	<u>406,980</u>	<u>77,092,045</u>

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

4. CAPITAL ASSETS (Continued)

	Beginning Balance*	Increases	Decreases	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
(Continued)				
Less accumulated depreciation for				
Buildings and improvements	\$ 8,577,565	\$ 1,150,780	\$ -	\$ 9,728,345
Machinery and equipment	4,941,430	730,985	360,330	5,312,085
Streets	13,568,990	552,390	46,650	14,074,730
Bridges	758,635	32,000	-	790,635
Total accumulated depreciation	27,846,620	2,466,155	406,980	29,905,795
Total capital assets being depreciated, net	47,273,745	(87,495)	-	47,186,250
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 196,657,570</b>	<b>\$ 1,944,005</b>	<b>\$ -</b>	<b>\$ 198,601,575</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 2,906,140	\$ 1,952,550	\$ -	\$ 4,858,690
Total capital assets not being depreciated	2,906,140	1,952,550	-	4,858,690
Capital assets being depreciated				
Equipment	2,243,090	207,605	-	2,450,695
Buildings and improvements	7,336,950	-	-	7,336,950
Water system	17,248,270	337,460	7,835	17,577,895
Sewer system	57,836,620	1,228,200	-	59,064,820
Parking improvements	15,881,480	-	-	15,881,480
Total capital assets being depreciated	100,546,410	1,773,265	7,835	102,311,840
Less accumulated depreciation for				
Equipment	977,040	209,975	-	1,187,015
Buildings and improvements	3,707,965	177,170	-	3,885,135
Water system	9,064,705	369,305	7,835	9,426,175
Sewer system	32,732,885	1,174,845	-	33,907,730
Parking improvements	7,939,650	784,080	-	8,723,730
Total accumulated depreciation	54,422,245	2,715,375	7,835	57,129,785
Total capital assets being depreciated, net	46,124,165	(942,110)	-	45,182,055
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 49,030,305</b>	<b>\$ 1,010,440</b>	<b>\$ -</b>	<b>\$ 50,040,745</b>

\*Certain beginning fixed asset costs and related depreciation were reclassified to other asset types.

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

GOVERNMENTAL ACTIVITIES	
General government	\$ 184,220
Public works	1,085,560
Public safety	1,196,375
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 2,466,155</b>

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

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5. LONG-TERM DEBT

a. General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued is \$123,798,050. During the year, no general obligation bonds were issued.

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	2.000% - 5.950%	\$ 67,765,000
Governmental activities – refunding	1.160% - 5.250%	17,718,105
Business-type activities	3.375% - 5.500%	4,505,000
Business-type activities – refunding	1.160% - 5.250%	5,871,895
Business-type activities – capital appreciation <sup>(1)</sup>	7.100%	<u>6,102,837</u>
<b>TOTAL</b>		<b><u>\$ 101,962,837</u></b>

<sup>(1)</sup> The face value of bonds issued was \$6,545,000. The carrying value of the accreted bonds is \$6,102,837.

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
2014	\$ 6,083,240	\$ 3,927,393	\$ 986,760	\$ 402,323
2015	6,879,865	3,729,695	1,220,135	370,301
2016	6,050,000	3,472,692	915,000	330,494
2017	5,280,000	3,245,125	950,000	299,638
2018	5,495,000	3,044,188	805,000	261,894
2019	5,770,000	2,827,464	840,000	229,694
2020	5,940,000	2,588,241	885,000	196,094
2021	6,270,000	2,333,431	925,000	160,400

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

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5. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

Year Ending December 31,	Governmental Activities			Business-Type Activities		
	Principal	Interest		Principal	Interest	
2022	\$ 6,415,000	\$ 2,053,237		\$ 965,000	\$ 123,088	
2023	2,730,000	1,759,368		275,000	83,838	
2024	3,465,000	1,614,304		290,000	72,150	
2025	3,610,000	1,427,000		305,000	59,462	
2026	2,875,000	1,230,092		320,000	46,118	
2027	2,130,000	1,073,322		340,000	31,718	
2028	2,200,000	954,235		355,000	16,418	
2029	2,290,000	828,376		-	-	
2030	2,200,000	696,000		-	-	
2031	2,300,000	568,400		-	-	
2032	2,400,000	435,000		-	-	
2033	2,500,000	295,800		-	-	
2034	2,600,000	150,800		-	-	
<b>TOTAL</b>	<b>\$ 85,483,105</b>	<b>\$ 38,254,163</b>		<b>\$ 10,376,895</b>	<b>\$ 2,683,630</b>	

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

Year Ending December 31,	Principal	Accretion
2014	1,695,000	-
2015	2,793,766	317,511
2016	1,614,071	124,652
<b>TOTAL</b>	<b>\$ 6,102,837</b>	<b>\$ 442,163</b>

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 \$190,000.

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%	\$ 111,664

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

Year Ending December 31,	Principal	Interest
2014	\$ -	\$ -
2015	-	-
2016	-	-
2017	-	-
2018	-	-
2019	-	-
2020	-	-
2021	-	-
2022	<u>111,664</u>	-
<b>TOTAL</b>	<b>\$ 111,664</b>	<b>\$ -</b>

c. Legal Debt Margin

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

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

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

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

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5. LONG-TERM DEBT (Continued)

d. Noncommitment Debt

Special Service Area Bonds outstanding as of the date of this report totaled \$5,835,000. 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.

Annual debt service requirements to maturity for special service area bonds and notes are as follows:

Year Ending December 31,	Principal	Interest
2014	\$ 60,000	\$ 522,450
2015	70,000	516,600
2016	75,000	510,075
2017	80,000	503,100
2018	90,000	495,450
2019	95,000	487,125
2020	105,000	478,125
2021	115,000	468,225
2022	125,000	457,425
2023	135,000	445,725
2024	500,000	417,150
2025	750,000	360,900
2026	1,110,000	277,200
2027	1,210,000	172,800
2028	1,315,000	59,175
<b>TOTAL</b>	<b>\$ 5,835,000</b>	<b>\$ 6,171,525</b>

e. Tax Increment Financing Redevelopment Note Disclosures

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

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

5. LONG-TERM DEBT (Continued)

f. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2013 was as follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
General obligation bonds	\$ 91,824,722	\$ -	\$ 6,341,617	\$ 85,483,105	\$ 6,083,240
TIF notes	116,859	-	5,195	111,664	-
Net pension obligation*	791,774	143,861	14,015	921,620	-
Net OPEB obligation*	868,556	162,405	-	1,030,961	-
Compensated absences*	1,979,545	2,145,520	1,979,545	2,145,520	429,105
<b>Total</b>	<b>95,581,456</b>	<b>2,451,786</b>	<b>8,340,372</b>	<b>89,692,870</b>	<b>6,512,345</b>
Less deferred amounts					
Unamortized bond discount	\$ (58,425)	\$ -	\$ (5,480)	\$ (52,945)	\$ -
Unamortized bond premium	869,295	-	167,135	702,160	-
<b>Total deferred amounts</b>	<b>810,870</b>	<b>-</b>	<b>161,655</b>	<b>649,215</b>	<b>-</b>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 96,392,326</b>	<b>\$ 2,451,786</b>	<b>\$ 8,502,027</b>	<b>\$ 90,342,085</b>	<b>\$ 6,512,345</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
General obligation bonds					
Water Fund	\$ 1,604,480	\$ -	\$ 554,380	\$ 1,050,100	\$ 271,275
Sewer Fund	10,121,250	-	794,455	9,326,795	715,480
General obligation capital appreciation bonds					
Water Fund	5,468,341	393,815	-	5,862,156	1,629,500
Sewer Fund	224,446	16,235	-	240,681	65,500
Compensated absences					
Water Fund	115,832	100,985	115,832	100,985	20,197
Sewer Fund	13,496	18,150	13,496	18,150	3,630
<b>Total</b>	<b>17,547,845</b>	<b>529,185</b>	<b>1,478,163</b>	<b>16,598,867</b>	<b>2,705,582</b>
Less deferred amounts					
Unamortized bond discount	(20,020)	-	(1,260)	(18,760)	-
Unamortized bond premium	246,190	-	31,870	214,320	-
<b>Total deferred amounts</b>	<b>226,170</b>	<b>-</b>	<b>30,610</b>	<b>195,560</b>	<b>-</b>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 17,774,015</b>	<b>\$ 529,185</b>	<b>\$ 1,508,773</b>	<b>\$ 16,794,427</b>	<b>\$ 2,705,582</b>

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

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

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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 \$110,000 per individual's claims paid and a maximum of 125% of the expected aggregate claims paid. The Village purchases commercial insurance for claims in excess of the coverage provided by the fund. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

As of January 1, 2008, the Village became self-insured for first party property losses, third party liability claims, workers' compensation claims and public officials' liability claims. These self-insurance activities are reported in the Casualty and Liability Insurance Fund which is an internal service fund.

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

	Medical Benefits	Workers' Compensation	General Liability	Totals
<b>UNPAID CLAIMS,</b>				
DECEMBER 31, 2011	\$ 277,500	\$ 186,606	\$ 25,878	\$ 489,984
Claims incurred – 2012	4,394,927	1,042,842	589,582	6,027,351
Claims payments – 2012	4,333,927	565,408	242,040	5,141,375
<b>UNPAID CLAIMS,</b>				
DECEMBER 31, 2012	\$ 338,500	\$ 664,040	\$ 373,420	\$ 1,375,960
Claims incurred – 2013	3,438,875	895,580	279,480	4,613,935
Claims payments – 2013	3,525,875	437,405	415,980	4,379,260
<b>UNPAID CLAIMS,</b>				
DECEMBER 31, 2013	\$ 251,500	\$ 1,122,215	\$ 236,920	\$ 1,610,635

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

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7. CONTINGENT LIABILITIES

a. Litigation

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

b. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

c. Northwest Water Commission (NWWC)

The Village has committed to purchase water from NWWC. The Village expects to pay approximately \$2,750,000 through December 31, 2014. This amount has been calculated using the Village's current allocation percentage of approximately 30%. In future years, this allocation percentage will be subject to change.

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

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

The Village's estimated payment for operations and maintenance costs for 2014 is \$1,375,345. This is based on an estimated tipping fee of \$56.95 per ton for 24,150 tons.

The Village's estimated payment of fixed costs for 2014 is \$66,415. This amount has been estimated based on a charge of \$2.75 per ton for 24,150 tons. In future years, this allocation will be subject to change. The Village is obligated to pay its allocable share of fixed costs of SWANCC through December 31, 2015.

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

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

Complete financial statements can be obtained from the SWANCC administrative office at 2700 Patriot Boulevard, Suite 110, Glenview, Illinois 60026.

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

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

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

In accordance with the contract, the Village made payments totaling \$1,344,455 to SWANCC during the year. The payments have been recorded in the Refuse Collection Fund. The Village does not have an equity interest in SWANCC at the date of this report.

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

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8. JOINT VENTURES (Continued)

Northwest Water Commission (NWWC)

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

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

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

Revenues of the system consist of all receipts derived from the Water Supply Agreements or any other contract for the supply of water, all income derived from the investment of monies, and all income, fees, water service charges and all grants, rents and receipts derived by 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 2035.

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

In accordance with the joint venture agreement, the Village remitted \$2,835,454 to NWWC during the year. The Village's equity interest in NWWC was \$11,841,410 at the date of this report. The Village's net investment and its share of the operating results of NWWC are recorded in the Village's Waterworks Fund.

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

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9. INDIVIDUAL FUND DISCLOSURES

a. Due From/To Other Funds

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

Receivable Fund	Payable Fund	Amount
Major governmental General	Nonmajor governmental Special Police Grant	\$ 18,532
Nonmajor governmental Rand Corridor TIF	Nonmajor governmental Rand-Lake Cook TIF	43,615
Fiduciary Police Pension Firefighters' Pension	Major governmental General General	17,786 18,091
<b>TOTAL</b>		<b>\$ 98,024</b>

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

- \$18,532 payable by the Special Police Grant Fund to the General Fund and the \$43,615 payable by the Rand-Lake Cook TIF Fund to the Rand Corridor TIF Fund are for short-term cash loans at year end. The amounts will be repaid within one year.
- \$35,877 payable by the General Fund to the Pension Funds is for taxes received after year end.

b. Advances From/To Other Funds

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

Receivable Fund	Payable Fund	Amount
Major governmental General	Downtown TIF	\$ 5,277,920

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

- \$5,277,920 advanced to the Downtown TIF Fund from the General Fund relates to financing various redevelopment projects. Repayment is not expected within one year.

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

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9. INDIVIDUAL FUND DISCLOSURES (Continued)

c. Transfers

During the year, the following transfers were made:

- \$590,000 from the General Fund to the Capital Equipment Acquisition Fund
- \$1,258,000 from the General Fund to the Village Hall Renovation Fund
- \$1,000,000 from the Rand Corridor TIF Fund to the Rand-Lake Cook TIF Fund
- \$80,000 from the Capital Improvement Fund to the Village Hall Renovation Fund
- \$1,297,000 from the Police Facility Construction Fund to the Village Hall Renovation Fund
- \$774,753 from the Fire Facility Construction Fund to the Village Hall Renovation Fund
- \$100,000 from the Waterworks Fund to the Capital Equipment Acquisition Fund
- \$50,000 from the Sewerage Fund to the Capital Equipment Acquisition Fund
- \$100,000 from the Refuse Collection Fund to the Capital Improvement Fund

These transfers were for reimbursement of certain costs and to close the Fire Facility Construction Fund and will not be repaid.

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.

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

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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 the date of this report, membership consisted of:

Retirees and beneficiaries currently receiving benefits	39
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>283</u>
 TOTAL	 <u>322</u>
 Participating employers	 <u>1</u>

d. Funding Policy

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

e. Annual OPEB Costs and Net OPEB Obligation

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for the year were as follows:

Fiscal Year Year December 31,	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 284,669	\$ 135,226	47.50%	\$ 723,860
2012	279,920	135,226	48.30%	868,556
2013	390,341	227,937	58.40%	1,030,961

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

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10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The net OPEB obligation at the date of this report was calculated as follows:

Annual required contribution	\$ 384,551
Interest on net OPEB obligation	34,742
Adjustment to annual required contribution	<u>(28,952)</u>
Annual OPEB cost	390,341
Contributions made	<u>227,937</u>
Increase in net OPEB obligation	162,405
Net OPEB obligation, beginning of year	<u>868,556</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 1,030,961</u>

Funded Status and Funding Progress: The funded status and funding progress of the Plan at the date of this report, the most recent information available, was as follows:

Actuarial accrued liability (AAL)	\$ 5,329,063
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	5,329,063
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 27,369,373
UAAL as a percentage of covered payroll	19.47%

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.

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.

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

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10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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 December 31, 2013 actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included 4.0% 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 4.0% 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 December 31, 2013 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 Employees Retirement System (PPERS) which is a single-employer pension plan; and the Firefighters' Pension Employees Retirement System (FPERS) which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by ILCS and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports on the pension plans. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained online at [www.imrf.org](http://www.imrf.org).

a. Plan Descriptions

Illinois Municipal Retirement Fund (IMRF)

All employees (other than those covered by the PPERS or FPERS) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service.

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

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11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. 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 contributions for 2013 were 13.47% of covered payroll.

Police Pension Employees Retirement System (PPERS)

Police sworn personnel are covered by the PPERS. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. At January 1, 2014, the PPERS membership consisted of:

Retirees and beneficiaries currently receiving benefits	49
Terminated employees entitled to benefits but not yet receiving them	1
Current employees	
Vested	88
Nonvested	22
 TOTAL	 160

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

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11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Employees Retirement System (PPERS) (Continued)

The PPERS provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of  $\frac{1}{2}$  of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e.,  $\frac{1}{2}\%$  for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or  $\frac{1}{2}\%$  of the change in the Consumer Price Index for the proceeding calendar year.

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

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11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Employees Retirement System (PPERS) (Continued)

Employees are required by ILCS to contribute 9.91% of their base salary to the PPERS. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the PPERS. For the year ended December 31, 2013, the Village's contribution was 29.35% of covered payroll.

Firefighters' Pension Employees Retirement System (FPERS)

Fire sworn personnel are covered by the FPERS. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. At January 1, 2014, the FPERS membership consisted of:

Retirees and beneficiaries currently receiving benefits	61
Terminated employees entitled to benefits but not yet receiving them	-
Current employees	
Vested	54
Nonvested	38
 TOTAL	 153

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

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11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

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

The FPERS provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of  $\frac{1}{2}$  of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e.,  $\frac{1}{2}\%$  for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1<sup>st</sup> after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or  $\frac{1}{2}$  of the change in the Consumer Price Index for the proceeding calendar year.

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

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11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

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

Covered employees are required to contribute 9.455% of their base salary to the FPERS. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past services costs for the FPERS. For the year ended December 31, 2013, the Village's contribution was 35.18% of covered payroll.

b. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Method Used to Value Investments

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

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 position 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.

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

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11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Annual Pension Costs

Employer contributions have been determined as follows:

	IMRF	PPERS	FPERS
Actuarial valuation date	December 31, 2011	December 31, 2012	December 31, 2012
Actuarial cost method	Entry-age Normal	Entry-age Normal	Entry-age Normal
Asset valuation method	5 Year Smoothed Market	Market	Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	30 Years, Open	27 Years, Closed	27 Years, Closed
Significant actuarial assumptions			
a) Inflation rate	4.00%	3.00%	3.00%
b) Rate of return on Investments	7.50% Compounded Annually	7.50% Compounded Annually	7.50% Compounded Annually
c) Projected salary Increases	.40% to 10.00%	4.50%	4.50%
d) Postretirement benefit Increases	3.00%	3.00%	3.00%

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

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11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

d. Net Pension Obligation

The Village's annual pension cost and net pension obligation to the PPERS and FPERS for the year ended December 31, 2013 were as follows:

	PPERS	FPERS
Annual required contribution	\$ 2,948,599	\$ 3,091,300
Interest on net pension obligation	24,161	35,222
Adjustment to annual required contributions	(16,898)	(24,634)
Annual pension cost	2,955,862	3,101,888
Contributions made	2,969,877	2,958,027
Increase (decrease) in net pension obligation	(14,015)	143,861
Net pension obligation, beginning of year	322,145	469,629
NET PENSION OBLIGATION, END OF YEAR	\$ 308,130	\$ 613,490

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	IMRF	PPERS	FPERS
Annual pension cost (APC)	2011	\$ 1,410,209	\$ 2,800,759	\$ 2,704,868
	2012	1,311,221	3,004,711	2,986,904
	2013	1,366,121	2,955,862	3,101,888
Actual contribution	2011	\$ 1,410,209	\$ 3,450,128	\$ 2,600,219
	2012	1,311,221	3,016,974	2,876,372
	2013	1,366,121	2,969,877	2,958,027
Percentage of APC contributed	2011	100.00%	123.19%	96.13%
	2012	100.00%	100.41%	96.30%
	2013	100.00%	100.47%	95.36%
NPO (asset)	2011	\$ -	\$ 334,408	\$ 359,097
	2012	-	322,145	469,629
	2013	-	308,130	613,490

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

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11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

f. Funded Status and Funding Progress

	IMRF	PPERS	FPERS
Actuarial valuation date	December 31, 2013	December 31, 2013	December 31, 2013
Actuarial accrued liability (AAL)	\$ 37,075,514	\$ 90,217,352	\$ 89,230,996
Actuarial value of plan assets	29,483,559	56,991,085	57,290,015
Unfunded actuarial accrued liability (UAAL)	7,591,955	33,226,267	31,940,981
Funded ratio (actuarial value of plan assets/AAL)	79.52%	63.17%	64.20%
Covered payroll (active plan members)	\$ 10,141,956	\$ 10,117,378	\$ 8,408,325
UAAL as a percentage of covered payroll	74.86%	328.41%	379.87%

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 Position

	Police Pension	Firefighters' Pension	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 879	\$ 879	\$ 1,758
Investments			
U.S. Treasury securities	5,139,445	10,618,054	15,757,499
U.S. agency securities	1,475,891	2,418,362	3,894,253
Corporate and international bonds	12,077,710	9,608,204	21,685,914
Municipal bonds	804,543	-	804,543
Money market mutual funds	472,845	707,220	1,180,065
Equities	36,863,312	33,798,285	70,661,597
Receivables			
Accrued interest	138,674	120,921	259,595
Due from general fund	17,786	18,091	35,877
Total assets	56,991,085	57,290,016	114,281,101
<b>LIABILITIES</b>			
Accounts payable	-	-	-
Total liabilities	-	-	-
<b>NET POSITION</b>	<b>\$ 56,991,085</b>	<b>\$ 57,290,016</b>	<b>\$ 114,281,101</b>

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

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12. PENSION TRUST FUNDS (Continued)

b. Schedule of Changes in Net Position

	Police Pension	Firefighters' Pension	Total
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 2,969,877	\$ 2,958,027	\$ 5,927,904
Employee	996,348	793,686	1,790,034
Miscellaneous	81	-	81
 Total contributions	 3,966,306	 3,751,713	 7,718,019
 Investment income			
Net appreciation in fair value of investments	4,979,713	6,258,879	11,238,592
Interest income	1,298,100	1,002,811	2,300,911
Less investment expense	(288,494)	(195,046)	(483,540)
 Net investment income	 5,989,319	 7,066,644	 13,055,963
 Total additions	 9,955,625	 10,818,357	 20,773,982
 DEDUCTIONS			
Administrative	16,896	10,962	27,858
Pension benefits and refunds	2,643,186	3,660,825	6,304,011
 Total deductions	 2,660,082	 3,671,787	 6,331,869
 CHANGE IN NET POSITION	 7,295,543	 7,146,570	 14,442,113
 NET POSITION			
January 1	49,695,542	50,143,446	99,838,988
 December 31	 \$ 56,991,085	 \$ 57,290,016	 \$ 114,281,101

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

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13. PRIOR PERIOD ADJUSTMENTS

As of December 31, 2013, the beginning net position/fund balances for the following funds and activities were restated as follows:

	General Fund	Downtown TIF Fund	Entity-wide <u>Statement of Activities</u> Governmental Activities
Net position/fund Balances - as previously reported	\$ 20,837,871	\$ 13,669,166	\$ 170,623,812
Restatement of accrued revenue	(280,750)	(290,686)	(571,436)
Net position/fund Balances - as restated	<u>\$ 20,557,121</u>	<u>\$ 13,378,480</u>	<u>\$ 170,052,376</u>

Accrued revenues have been restated to properly recognize revenues in the correct fiscal period.

## **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, 2013

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes	\$ 25,952,200	\$ 25,952,200	\$ 26,061,334
Licenses and permits	2,602,900	2,602,900	2,822,149
Intergovernmental	16,653,650	16,653,650	18,176,446
Charges for services	3,041,500	3,041,500	3,380,429
Fines and forfeits	1,199,500	1,199,500	1,336,226
Investment income	250,000	250,000	257,429
Miscellaneous	120,600	126,623	152,334
 Total revenues	 49,820,350	 49,826,373	 52,186,347
 <b>EXPENDITURES</b>			
General government	6,106,381	6,014,568	5,532,910
Public safety	37,160,410	37,463,969	36,975,266
Public works	6,471,775	6,519,194	6,228,622
 Total expenditures	 49,738,566	 49,997,731	 48,736,798
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	 81,784	 (171,358)	 3,449,549
 <b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	58,000	-
Transfers (out)	-	(1,848,000)	(1,848,000)
 Total other financing sources (uses)	 -	 (1,790,000)	 (1,848,000)
 <b>NET CHANGE IN FUND BALANCE</b>	 \$ 81,784	 \$ (1,961,358)	 1,601,549
 <b>FUND BALANCE, JANUARY 1 - AS RESTATED</b>			 20,557,121
 <b>FUND BALANCE, DECEMBER 31</b>			 \$ 22,158,670

(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, 2013

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes			
Incremental property taxes	\$ 6,190,000	\$ 6,190,000	\$ 4,850,953
Intergovernmental			
Build america bond interest rebate	136,475	136,475	125,624
Investment income	4,000	4,000	8,590
<b>Total revenues</b>	<b>6,330,475</b>	<b>6,330,475</b>	<b>4,985,167</b>
<b>EXPENDITURES</b>			
Economic development			
Supplies and services	60,000	60,000	14,879
Project expenditures	335,000	2,462,797	2,238,570
Capital outlay			
Buildings and facilities	-	1,952,550	1,952,550
Rights of way improvements	30,000	117,851	116,942
Street improvements	450,000	2,784,453	2,820,595
Debt service			
Principal retirement	3,773,455	3,868,455	3,855,647
Interest	1,707,625	1,548,695	1,548,221
Fiscal charges	6,000	6,000	3,597
<b>Total expenditures</b>	<b>6,362,080</b>	<b>12,800,801</b>	<b>12,551,001</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (31,605)</b>	<b>\$ (6,470,326)</b>	<b>(7,565,834)</b>
<b>FUND BALANCE, JANUARY 1 - AS RESTATED</b>			<b>13,378,480</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 5,812,646</b>

(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, 2013

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes			
Incremental property taxes	\$ 2,435,000	\$ 2,435,000	\$ 2,253,091
Investment income	1,500	1,500	1,602
 Total revenues	 2,436,500	 2,436,500	 2,254,693
 <b>EXPENDITURES</b>			
Economic development			
Supplies and services	60,000	60,000	3,369
Project expenditures	380,000	380,000	357,390
Capital outlay			
Rights of way improvements	90,000	63,823	61,273
Street improvements	20,000	9,977	9,976
Debt service			
Principal retirement	950,000	950,000	950,000
Interest	880,605	880,605	880,598
Fiscal charges	2,250	2,250	1,000
 Total expenditures	 2,382,855	 2,346,655	 2,263,606
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	53,645	89,845	(8,913)
 <b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	-	(1,000,000)	(1,000,000)
 Total other financing sources (uses)	 -	 (1,000,000)	 (1,000,000)
 <b>NET CHANGE IN FUND BALANCE</b>			
	\$ 53,645	\$ (910,155)	(1,008,913)
 <b>FUND BALANCE, JANUARY 1</b>			 9,746,096
 <b>FUND BALANCE, DECEMBER 31</b>			 \$ 8,737,183

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION  
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2013

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***Schedule of Funding Progress***

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)		(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL)		(5) Covered Payroll (2) - (1)	UAAL as a Percentage of Covered Payroll (4) / (5)
		Entry-Age	(1) / (2)		(2) - (1)	Covered Payroll		
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%		
2011	23,396,632	32,533,315	71.92%	9,136,683	10,078,945	90.65%		
2012	25,147,488	33,813,736	74.37%	8,666,248	9,925,976	87.31%		
2013	29,483,559	37,075,514	79.52%	7,591,955	10,141,956	74.86%		

***Schedule of Employer Contributions***

Calendar Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2011	1,410,209	1,410,209	100.00%
2012	1,311,221	1,311,221	100.00%
2013	1,366,121	1,366,121	100.00%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION  
POLICE PENSION FUND

December 31, 2013

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***Schedule of Funding Progress***

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)		(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)		(5) Covered Payroll (4) / (5)	UAAL as a Percentage of Covered Payroll
		Entry-Age	(1) / (2)		(2) - (1)	Covered Payroll		
December 31, 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%		
2011	44,633,853	77,719,305	57.43%	33,085,452	9,749,554	339.35%		
2012	49,695,524	84,402,484	58.88%	34,706,960	9,823,321	353.31%		
2013	56,991,085	90,217,352	63.17%	33,226,267	10,117,378	328.41%		

***Schedule of Employer Contributions***

Calendar Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2011	3,450,128	2,775,424	124.31%
2012	3,016,974	2,996,776	100.67%
2013	2,969,877	2,948,599	100.72%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION  
FIREFIGHTERS' PENSION FUND

December 31, 2013

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***Schedule of Funding Progress***

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)		(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll (4) / (5)	UAAL as a Percentage of Covered Payroll
		Entry-Age	(1) / (2)				(4) / (5)
2008	\$ 47,182,964	\$ 50,944,617	92.62%	\$ 3,761,653	\$ 7,451,465		50.48%
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%
2011	48,069,713	75,335,332	63.81%	27,265,619	7,723,119		353.04%
2012	50,143,446	84,352,931	59.44%	34,209,485	8,000,569		427.59%
2013	57,290,015	89,230,996	64.20%	31,940,981	8,408,325		379.87%

***Schedule of Employer Contributions***

Calendar Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2011	2,600,219	2,698,315	96.36%
2012	2,876,372	2,978,383	96.57%
2013	2,958,027	3,091,300	95.69%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS PLAN

December 31, 2013

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***Schedule of Funding Progress***

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)		(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL)		(5) Covered Payroll (2) - (1)	UAAL as a Percentage of Covered Payroll (4) / (5)
		Entry-Age	(1) / (2)		(2) - (1)	Covered Payroll		
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	23,495,020	14.12%	
2011 <sup>1</sup>		- 3,316,449	0.00%		3,316,449	23,495,020	14.12%	
2012		- 5,329,063	0.00%		5,329,063	25,423,925	20.96%	
2013 <sup>1</sup>		- 5,329,063	0.00%		5,329,063	27,369,373	19.47%	

<sup>1</sup> Results from prior year.

***Schedule of Employer Contributions***

Calendar Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2008	\$ 49,644	\$ 214,542	23.14%
2009	67,622	219,257	30.84%
2010	135,226	219,256	61.67%
2011	135,226	275,095	49.16%
2012	135,224	279,920	48.31%
2013	227,937	384,551	59.27%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2013

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STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

a. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principals. 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.

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

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

Encumbrances represent commitments related to underperformed 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 assigned 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
Special Fire Grant Fund	\$ 4,680	\$ 4,682
Waterworks Fund	6,778,241	6,861,559

## **Combining and Individual Fund Financial Statements and Schedules**

### **Nonmajor Governmental Funds**



## VILLAGE OF PALATINE, ILLINOIS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2013

	Special Revenue	Capital Projects	Total Nonmajor Governmental
<b>ASSETS</b>			
Cash and investments	\$ 4,526,574	\$ 15,966,430	\$ 20,493,004
Receivables (net, where applicable, of allowances for uncollectibles)			
Due from other governments	395,828	556,060	951,888
Accrued interest	-	590	590
<b>TOTAL ASSETS</b>	<b>\$ 4,922,402</b>	<b>\$ 16,523,080</b>	<b>\$ 21,445,482</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 249,317	\$ 167,982	\$ 417,299
Accrued payroll	241	-	241
Due to other funds	62,147	-	62,147
Unearned revenue	-	11,005	11,005
<b>Total liabilities</b>	<b>311,705</b>	<b>178,987</b>	<b>490,692</b>
<b>FUND BALANCES</b>			
Restricted for streets and highways	994,753	-	994,753
Restricted for capital projects	-	38,438	38,438
Restricted for public safety	740,936	-	740,936
Restricted for economic development	2,918,623	-	2,918,623
Unrestricted			
Assigned for capital projects	-	16,305,655	16,305,655
Unassigned	(43,615)	-	(43,615)
<b>Total fund balances</b>	<b>4,610,697</b>	<b>16,344,093</b>	<b>20,954,790</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,922,402</b>	<b>\$ 16,523,080</b>	<b>\$ 21,445,482</b>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

	Special Revenue	Capital Projects	Total Nonmajor Governmental
<b>REVENUES</b>			
Taxes	\$ 2,702,361	\$ 2,389,242	\$ 5,091,603
Intergovernmental	2,920,474	382,871	3,303,345
Charges for services	-	303,041	303,041
Fines and forfeits	40,403	-	40,403
Investment income	1,669	25,953	27,622
Miscellaneous	3,716	37,546	41,262
 Total revenues	 5,668,623	 3,138,653	 8,807,276
<b>EXPENDITURES</b>			
Current			
Public safety	174,694	-	174,694
Economic development	3,299,859	-	3,299,859
Capital outlay	2,099,079	3,031,226	5,130,305
 Total expenditures	 5,573,632	 3,031,226	 8,604,858
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>94,991</b>	<b>107,427</b>	<b>202,418</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	-	115,692	115,692
Transfers in	1,000,000	4,249,753	5,249,753
Transfers (out)	-	(2,151,753)	(2,151,753)
 Total other financing sources (uses)	 1,000,000	 2,213,692	 3,213,692
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,094,991</b>	<b>2,321,119</b>	<b>3,416,110</b>
<b>FUND BALANCE, JANUARY 1</b>	<b>3,515,706</b>	<b>14,022,974</b>	<b>17,538,680</b>
<b>FUND BALANCE, DECEMBER 31</b>	<b>\$ 4,610,697</b>	<b>\$ 16,344,093</b>	<b>\$ 20,954,790</b>

(See independent auditor's report.)

## **Nonmajor Special Revenue Funds**

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

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

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

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

**DUI Fines Fund** - to account for the expenditure of DUI funds. These expenditures must follow the guidelines found in state statute.

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

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

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

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

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

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



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VILLAGE OF PALATINE, ILLINOIS

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2013

	Motor Fuel Tax	Community Development Block Grant	Federal Equitable Sharing	State Equitable Sharing	DUI Fines
<b>ASSETS</b>					
Cash and investments	\$ 867,223	\$ -	\$ 417,594	\$ 62,709	\$ 167,075
Receivables					
Due from other governments	171,555	204,597	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,038,778</b>	<b>\$ 204,597</b>	<b>\$ 417,594</b>	<b>\$ 62,709</b>	<b>\$ 167,075</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 44,025	\$ 204,597	\$ -	\$ 185	\$ -
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>44,025</b>	<b>204,597</b>	<b>-</b>	<b>185</b>	<b>-</b>
<b>FUND BALANCES</b>					
Restricted for streets and highways	994,753	-	-	-	-
Restricted for public safety	-	-	417,594	62,524	167,075
Restricted for economic development	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>994,753</b>	<b>-</b>	<b>417,594</b>	<b>62,524</b>	<b>167,075</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,038,778</b>	<b>\$ 204,597</b>	<b>\$ 417,594</b>	<b>\$ 62,709</b>	<b>\$ 167,075</b>

(See independent auditor's report.)

Foreign Fire Tax	Dundee Road TIF	Rand/Dundee TIF	Rand- Lake Cook TIF	Special Fire Grant	Special Police Grant	Total
\$ 93,743	\$ 2,654,583	\$ 263,137	\$ -	\$ 510	\$ -	\$ 4,526,574
-	903	-	-	-	18,773	395,828
<b>\$ 93,743</b>	<b>\$ 2,655,486</b>	<b>\$ 263,137</b>	<b>\$ -</b>	<b>\$ 510</b>	<b>\$ 18,773</b>	<b>\$ 4,922,402</b>
\$ -	\$ -	\$ -	\$ -	\$ 510	\$ -	\$ 249,317
-	-	-	-	-	241	241
-	-	-	43,615	-	18,532	62,147
-	-	-	43,615	510	18,773	311,705
-	-	-	-	-	-	994,753
93,743	-	-	-	-	-	740,936
-	2,655,486	263,137	-	-	-	2,918,623
-	-	-	(43,615)	-	-	(43,615)
93,743	2,655,486	263,137	(43,615)	-	-	4,610,697
\$ 93,743	\$ 2,655,486	\$ 263,137	\$ -	\$ 510	\$ 18,773	\$ 4,922,402

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

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	Motor Fuel Tax	Community Development Block Grant	Federal Equitable Sharing	State Equitable Sharing	DUI Fines
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,019,914	350,204	387,344	5,331	-
Fines and forfeits	-	-	-	-	40,403
Investment income	242	-	29	-	26
Miscellaneous	-	-	-	-	-
 Total revenues	 2,020,156	 350,204	 387,373	 5,331	 40,429
 <b>EXPENDITURES</b>					
Current					
Public safety	-	-	19,527	3,279	5,082
Economic development	-	124,859	-	-	-
Capital outlay	1,873,734	225,345	-	-	-
 Total expenditures	 1,873,734	 350,204	 19,527	 3,279	 5,082
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	146,422	-	367,846	2,052	35,347
 <b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
 Total other financing sources (uses)	 -	 -	 -	 -	 -
 <b>NET CHANGE IN FUND BALANCE</b>	 146,422	 -	 367,846	 2,052	 35,347
 <b>FUND BALANCE (DEFICIT), JANUARY 1</b>	 848,331	 -	 49,748	 60,472	 131,728
 <b>FUND BALANCE (DEFICIT), DECEMBER 31</b>	 \$ 994,753	 \$ -	 \$ 417,594	 \$ 62,524	 \$ 167,075

(See independent auditor's report.)

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Foreign Fire Tax	Dundee Road TIF	Rand/Dundee TIF	Rand- Lake Cook TIF	Special Fire Grant	Special Police Grant	Total
\$ -	\$ 2,458,769	\$ 243,592	\$ -	\$ -	\$ -	\$ 2,702,361
74,236	-	-	-	4,682	78,763	2,920,474
-	-	-	-	-	-	40,403
62	1,119	191	-	-	-	1,669
3,716	-	-	-	-	-	3,716
<b>78,014</b>	<b>2,459,888</b>	<b>243,783</b>	<b>-</b>	<b>4,682</b>	<b>78,763</b>	<b>5,668,623</b>
 63,361	 - -	 - -	 - -	 4,682	 78,763	 174,694
-	1,900,000	275,000	1,000,000	-	-	3,299,859
-	-	-	-	-	-	2,099,079
<b>63,361</b>	<b>1,900,000</b>	<b>275,000</b>	<b>1,000,000</b>	<b>4,682</b>	<b>78,763</b>	<b>5,573,632</b>
 14,653	 559,888	 (31,217)	 (1,000,000)	 - -	 - -	 94,991
 - -	 - -	 - -	 1,000,000	 - -	 - -	 1,000,000
 - -	 - -	 - -	 1,000,000	 - -	 - -	 1,000,000
 14,653	 559,888	 (31,217)	 - -	 - -	 - -	 1,094,991
 79,090	 2,095,598	 294,354	 (43,615)	 - -	 - -	 3,515,706
 \$ 93,743	 \$ 2,655,486	 \$ 263,137	 \$ (43,615)	 - \$	 - \$	 \$ 4,610,697

(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, 2013

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	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Intergovernmental			
Motor fuel tax allotment	\$ 1,922,900	\$ 1,922,900	\$ 2,019,914
Investment income	250	250	242
Total revenues	<u>1,923,150</u>	<u>1,923,150</u>	<u>2,020,156</u>
 <b>EXPENDITURES</b>			
Capital outlay			
Street improvements	1,906,470	1,888,360	1,873,734
Total expenditures	<u>1,906,470</u>	<u>1,888,360</u>	<u>1,873,734</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ 16,680</u></u>	<u><u>\$ 34,790</u></u>	<u><u>146,422</u></u>
 <b>FUND BALANCE, JANUARY 1</b>			<u><u>848,331</u></u>
 <b>FUND BALANCE, DECEMBER 31</b>			<u><u>\$ 994,753</u></u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Intergovernmental Grants	\$ 356,796	\$ 356,796	\$ 350,204
Total revenues	356,796	356,796	350,204
<b>EXPENDITURES</b>			
Economic development			
Administrative fees - General Fund	71,359	71,359	71,359
Social service agencies	53,519	53,519	53,500
Capital outlay			
Rights of way improvements	231,918	228,380	225,345
Total expenditures	356,796	353,258	350,204
NET CHANGE IN FUND BALANCE	\$ -	\$ 3,538	-
FUND BALANCE, JANUARY 1			-
FUND BALANCE, DECEMBER 31		\$ -	

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Intergovernmental			
Grants	\$ 20,000	\$ 20,000	\$ 387,344
Investment income	-	-	29
Total revenues	20,000	20,000	387,373
<b>EXPENDITURES</b>			
Public safety			
Police			
Supplies and services	20,000	20,000	19,527
Total expenditures	20,000	20,000	19,527
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ -	367,846
<b>FUND BALANCE, JANUARY 1</b>			49,748
<b>FUND BALANCE, DECEMBER 31</b>			\$ 417,594

(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, 2013

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	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Intergovernmental			
Grants	\$ 5,000	\$ 5,000	<u>5,331</u>
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>5,331</u>
<b>EXPENDITURES</b>			
Public safety			
Police			
Supplies and services	<u>5,000</u>	<u>5,000</u>	<u>3,279</u>
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>3,279</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>2,052</u>
FUND BALANCE, JANUARY 1			<u>60,472</u>
FUND BALANCE, DECEMBER 31		<u>\$ 62,524</u>	

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Fines and forfeits			
DUI fines	\$ 30,000	\$ 30,000	\$ 40,403
Investment income	-	-	26
 Total revenues	 30,000	 30,000	 40,429
 <b>EXPENDITURES</b>			
Public safety			
Police			
Supplies and services	1,000	6,000	5,082
 Total expenditures	 1,000	 6,000	 5,082
 NET CHANGE IN FUND BALANCE	 \$ 29,000	 \$ 24,000	 35,347
 FUND BALANCE, JANUARY 1			 131,728
 FUND BALANCE, DECEMBER 31			 \$ 167,075

(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, 2013

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Intergovernmental			
Foreign fire tax	\$ 70,000	\$ 70,000	\$ 74,236
Investment income	-	-	62
Miscellaneous			
Other	-	-	3,716
	<hr/>	<hr/>	<hr/>
Total revenues	70,000	70,000	78,014
<b>EXPENDITURES</b>			
Public safety			
Fire			
Supplies and services	70,000	70,000	63,361
	<hr/>	<hr/>	<hr/>
Total expenditures	70,000	70,000	63,361
<b>NET CHANGE IN FUND BALANCE</b>	<hr/>	<hr/>	<hr/>
	\$ -	\$ -	14,653
<b>FUND BALANCE, JANUARY 1</b>			<hr/>
			79,090
<b>FUND BALANCE, DECEMBER 31</b>			<hr/>
			\$ 93,743

(See independent auditor's report.)

## VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

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	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes			
Incremental property taxes	\$ 2,570,000	\$ 2,570,000	\$ 2,458,769
Investment income	1,000	1,000	1,119
 Total revenues	 2,571,000	 2,571,000	 2,459,888
 <b>EXPENDITURES</b>			
Economic development			
Surplus distribution	2,570,000	2,570,000	1,900,000
 Total expenditures	 2,570,000	 2,570,000	 1,900,000
 <b>NET CHANGE IN FUND BALANCE</b>	 \$ 1,000	 \$ 1,000	 559,888
 <b>FUND BALANCE, JANUARY 1</b>			 2,095,598
 <b>FUND BALANCE, DECEMBER 31</b>			 \$ 2,655,486

(See independent auditor's report.)

## VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

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	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes			
Incremental property taxes	\$ 278,400	\$ 278,400	\$ 243,592
Investment income	250	250	191
 Total revenues	 278,650	 278,650	 243,783
 <b>EXPENDITURES</b>			
Economic development			
Surplus distribution	279,000	279,000	275,000
 Total expenditures	 279,000	 279,000	 275,000
 <b>NET CHANGE IN FUND BALANCE</b>	 \$ (350)	 \$ (350)	 (31,217)
 <b>FUND BALANCE, JANUARY 1</b>			 294,354
 <b>FUND BALANCE, DECEMBER 31</b>		 \$ 263,137	

(See independent auditor's report.)

## VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes			
Incremental property taxes	\$ -	\$ -	\$ -
Total revenues	- -	- -	- -
<b>EXPENDITURES</b>			
Economic development			
Project expenditures	- -	1,000,000	1,000,000
Total expenditures	- -	1,000,000	1,000,000
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	- -	(1,000,000)	(1,000,000)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	- -	1,000,000	1,000,000
Total other financing sources (uses)	- -	1,000,000	1,000,000
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ -	- -
<b>FUND BALANCE (DEFICIT), JANUARY 1</b>			(43,615)
<b>FUND BALANCE (DEFICIT), DECEMBER 31</b>	\$ -	\$ -	<u>(43,615)</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Intergovernmental			
Grants	\$ -	\$ 4,000	\$ 4,682
Total revenues	-	4,000	4,682
<b>EXPENDITURES</b>			
Public safety			
Fire			
Supplies and services	-	4,680	4,682
Total expenditures	-	4,680	4,682
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ (680)	-
<b>FUND BALANCE, JANUARY 1</b>			-
<b>FUND BALANCE, DECEMBER 31</b>		\$ -	

(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, 2013

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	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Intergovernmental			
Grants	\$ -	\$ 78,765	\$ 78,763
Total revenues	-	78,765	78,763
<b>EXPENDITURES</b>			
Public safety			
Police			
Personnel	-	78,765	77,321
Supplies and services	-	-	1,442
Total expenditures	-	78,765	78,763
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ -	-
<b>FUND BALANCE, JANUARY 1</b>			-
<b>FUND BALANCE, DECEMBER 31</b>		\$ -	-

(See independent auditor's report.)

## **Nonmajor Capital Projects Funds**

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

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

**Police Facility Construction Fund** - to account for the acquisition and construction of the new Police Department Headquarters.

**Fire Facility Construction Fund** - to account for the acquisition and construction of Fire Department facilities.

**Village Hall Renovation Fund** - to account for the complete renovation of the Village Hall facilities.



VILLAGE OF PALATINE, ILLINOIS

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS

December 31, 2013

	Capital Equipment Acquisition	Capital Improvement	Police Facility Construction	Fire Facility Construction	Village Hall Renovation	Total
<b>ASSETS</b>						
Cash and investments	\$ 6,843,034	\$ 5,817,800	\$ 38,438	\$ -	\$ 3,267,158	\$ 15,966,430
Receivables						
Due from other governments	185,350	370,710	-	-	-	556,060
Accrued interest	230	360	-	-	-	590
<b>TOTAL ASSETS</b>	<b>\$ 7,028,614</b>	<b>\$ 6,188,870</b>	<b>\$ 38,438</b>	<b>\$ -</b>	<b>\$ 3,267,158</b>	<b>\$ 16,523,080</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 70,937	\$ 89,170	\$ -	\$ 7,875	\$ 167,982	
Unearned revenue	11,005	-	-	-	-	11,005
<b>Total liabilities</b>	<b>81,942</b>	<b>89,170</b>	<b>-</b>	<b>7,875</b>	<b>178,987</b>	
<b>FUND BALANCES</b>						
Restricted for capital projects	-	-	38,438	-	-	38,438
Unrestricted						
Assigned for capital projects	6,946,672	6,099,700	-	3,259,283	16,305,655	
<b>Total fund balances</b>	<b>6,946,672</b>	<b>6,099,700</b>	<b>38,438</b>	<b>-</b>	<b>3,259,283</b>	<b>16,344,093</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,028,614</b>	<b>\$ 6,188,870</b>	<b>\$ 38,438</b>	<b>\$ -</b>	<b>\$ 3,267,158</b>	<b>\$ 16,523,080</b>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

	Capital Equipment	Capital Improvement	Police Facility Construction	Fire Facility Construction	Village Hall Renovation	Total
<b>REVENUES</b>						
Taxes	\$ 746,380	\$ 1,642,862	\$ -	\$ -	\$ -	\$ 2,389,242
Intergovernmental	352,871	30,000	-	-	-	382,871
Charges for services	236,200	66,841	-	-	-	303,041
Investment income	12,772	12,458	326	190	207	25,953
Miscellaneous	-	22,546	15,000	-	-	37,546
 Total revenues	 1,348,223	 1,774,707	 15,326	 190	 207	 3,138,653
<b>EXPENDITURES</b>						
Capital outlay	1,804,366	1,048,579	27,604	-	150,677	3,031,226
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (456,143)	 726,128	 (12,278)	 190	 (150,470)	 107,427
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from sale of capital assets	115,692	-	-	-	-	115,692
Transfers in	740,000	100,000	-	-	3,409,753	4,249,753
Transfers (out)	-	(80,000)	(1,297,000)	(774,753)	-	(2,151,753)
 Total other financing sources (uses)	 855,692	 20,000	 (1,297,000)	 (774,753)	 3,409,753	 2,213,692
 NET CHANGE IN FUND BALANCE	 399,549	 746,128	 (1,309,278)	 (774,563)	 3,259,283	 2,321,119
 FUND BALANCE, JANUARY 1	 6,547,123	 5,353,572	 1,347,716	 774,563	 -	 14,022,974
 FUND BALANCE, DECEMBER 31	 \$ 6,946,672	 \$ 6,099,700	 \$ 38,438	 \$ -	 \$ 3,259,283	 \$ 16,344,093

(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, 2013

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes			
Telecommunication	\$ 824,000	\$ 824,000	\$ 746,380
Intergovernmental			
TIF Rebate	370,000	370,000	292,386
Grants	-	27,540	60,485
Charges for services			
Rental income	232,970	232,970	236,200
Investment income	4,000	4,000	12,772
<b>Total revenues</b>	<b>1,430,970</b>	<b>1,458,510</b>	<b>1,348,223</b>
<b>EXPENDITURES</b>			
Capital outlay			
Technology	307,000	257,135	217,643
Vehicles and equipment	1,566,690	1,644,614	1,586,723
<b>Total expenditures</b>	<b>1,873,690</b>	<b>1,901,749</b>	<b>1,804,366</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(442,720)</b>	<b>(443,239)</b>	<b>(456,143)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	50,000	57,000	115,692
Transfers in	150,000	740,000	740,000
<b>Total other financing sources (uses)</b>	<b>200,000</b>	<b>797,000</b>	<b>855,692</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (242,720)</b>	<b>\$ 353,761</b>	<b>399,549</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>6,547,123</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 6,946,672</b>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes			
Telecommunication	\$ 1,675,000	\$ 1,675,000	\$ 1,492,862
Electric utility use tax	150,000	150,000	150,000
Intergovernmental			
Park district reimbursement	26,600	26,600	-
Grants	-	-	30,000
Charges for services			
50/50 cost sharing programs	-	-	21,280
Other charges for services	-	-	45,561
Investment income	4,000	4,000	12,458
Miscellaneous			
Reimbursements	-	-	<u>22,546</u>
 Total revenues	 1,855,600	 1,855,600	 1,774,707
 <b>EXPENDITURES</b>			
Capital outlay			
Buildings and facilities	323,500	222,004	178,525
Rights of way improvements	450,000	493,104	480,575
Street improvements	979,100	814,561	<u>389,479</u>
 Total expenditures	 1,752,600	 1,529,669	 1,048,579
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	103,000	325,931	<u>726,128</u>
 <b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	100,000	100,000	100,000
Transfers (out)	-	(80,000)	(80,000)
 Total other financing sources (uses)	 100,000	 20,000	 20,000
 <b>NET CHANGE IN FUND BALANCE</b>	 <u>\$ 203,000</u>	 <u>\$ 345,931</u>	 <u>746,128</u>
 <b>FUND BALANCE, JANUARY 1</b>			 <u>5,353,572</u>
 <b>FUND BALANCE, DECEMBER 31</b>			 <u>\$ 6,099,700</u>

(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, 2013

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Investment income	\$ -	\$ -	\$ 326
Miscellaneous			
Reimbursements		15,000	15,000
 Total revenues	 -	 15,000	 15,326
 <b>EXPENDITURES</b>			
Capital outlay			
Buildings and structures		57,640	27,604
 Total expenditures	 -	 57,640	 27,604
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
		(42,640)	(12,278)
 <b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)		(1,297,000)	(1,297,000)
 Total other financing sources (uses)	 -	 (1,297,000)	 (1,297,000)
 <b>NET CHANGE IN FUND BALANCE</b>	 \$ -	 \$ (1,339,640)	 (1,309,278)
 <b>FUND BALANCE, JANUARY 1</b>			 1,347,716
 <b>FUND BALANCE, DECEMBER 31</b>			 \$ 38,438

(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, 2013

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Investment income	\$ -	\$ -	\$ 190
<b>Total revenues</b>	- -	- -	190
<b>EXPENDITURES</b>			
Capital outlay			
Buildings and facilities	- -	- -	- -
<b>Total expenditures</b>	- -	- -	- -
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			190
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	- -	(775,000)	(774,753)
<b>Total other financing sources (uses)</b>	- -	(775,000)	(774,753)
<b>NET CHANGE IN FUND BALANCE</b>	\$ - \$	<u>(775,000)</u>	(774,563)
<b>FUND BALANCE, JANUARY 1</b>			774,563
<b>FUND BALANCE, DECEMBER 31</b>	\$ -		

(See independent auditor's report.)

## VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
VILLAGE HALL RENOVATION FUND

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Investment income	\$ -	\$ -	\$ 207
Total revenues	- -	- -	207
<b>EXPENDITURES</b>			
Capital outlay			
Buildings and facilities	- -	150,677	150,677
Total expenditures	- -	150,677	150,677
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	- -	(150,677)	(150,470)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	- -	3,410,000	3,409,753
Total other financing sources (uses)	- -	3,410,000	3,409,753
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ - \$</b>	<b>3,259,323</b>	<b>3,259,283</b>
<b>FUND BALANCE, JANUARY 1</b>			- -
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 3,259,283</b>

(See independent auditor's report.)

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## **Internal Service Funds**

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

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

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



VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS

December 31, 2013

	Fleet Services	Health Insurance	Casualty and Liability Insurance	Total
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 361,296	\$ 3,719,347	\$ 4,001,093	\$ 8,081,736
Receivables				
Other	24,848	-	-	24,848
Accrued interest	-	2,200	3,280	5,480
Prepaid items	-	60,650	-	60,650
Inventories	166,005	-	-	166,005
<b>Total current assets</b>	<b>552,149</b>	<b>3,782,197</b>	<b>4,004,373</b>	<b>8,338,719</b>
<b>CURRENT LIABILITIES</b>				
Accounts payable	130,796	472,258	2,300	605,354
Accrued payroll	17,273	-	-	17,273
Claims payable	-	251,500	1,359,135	1,610,635
Unearned revenue	-	3,286	-	3,286
Compensated absences payable	5,117	-	-	5,117
<b>Total current liabilities</b>	<b>153,186</b>	<b>727,044</b>	<b>1,361,435</b>	<b>2,241,665</b>
<b>LONG-TERM LIABILITIES</b>				
Compensated absences payable	20,468	-	-	20,468
<b>Total liabilities</b>	<b>173,654</b>	<b>727,044</b>	<b>1,361,435</b>	<b>2,262,133</b>
<b>NET POSITION</b>				
Unrestricted	378,495	3,055,153	2,642,938	6,076,586
<b>TOTAL NET POSITION</b>	<b>\$ 378,495</b>	<b>\$ 3,055,153</b>	<b>\$ 2,642,938</b>	<b>\$ 6,076,586</b>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

	Fleet Services	Health Insurance	Casualty and Liability Insurance	Total
<b>OPERATING REVENUES</b>				
Intergovernmental	\$ 13,125	\$ -	\$ -	\$ 13,125
Charges for services	1,995,347	6,089,649	1,377,240	9,462,236
Miscellaneous	7,606	251	593,735	601,592
 Total operating revenues	 2,016,078	 6,089,900	 1,970,975	 10,076,953
<b>OPERATING EXPENSES</b>				
Costs of sales and services	2,010,475	6,093,982	1,688,325	9,792,782
 Total operating expenses	 2,010,475	 6,093,982	 1,688,325	 9,792,782
<b>OPERATING INCOME (LOSS)</b>	<b>5,603</b>	<b>(4,082)</b>	<b>282,650</b>	<b>284,171</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	85	12,099	9,404	21,588
 Total nonoperating revenues (expenses)	 85	 12,099	 9,404	 21,588
<b>CHANGE IN NET POSITION</b>	<b>5,688</b>	<b>8,017</b>	<b>292,054</b>	<b>305,759</b>
<b>NET POSITION, JANUARY 1</b>	<b>372,807</b>	<b>3,047,136</b>	<b>2,350,884</b>	<b>5,770,827</b>
<b>NET POSITION, DECEMBER 31</b>	<b>\$ 378,495</b>	<b>\$ 3,055,153</b>	<b>\$ 2,642,938</b>	<b>\$ 6,076,586</b>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2013

	Fleet Services	Health Insurance	Casualty and Liability Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 262,042	\$ 1,014,212	\$ 593,735	\$ 1,869,989
Receipts from interfund services transactions	1,748,710	5,074,670	1,377,240	8,200,620
Payments to suppliers	(1,173,975)	(6,072,152)	(1,391,927)	(8,638,054)
Payments to employees	(789,765)	-	-	(789,765)
Net cash from operating activities	<u>47,012</u>	<u>16,730</u>	<u>579,048</u>	<u>642,790</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
None	-	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
None	-	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	<u>85</u>	<u>21,804</u>	<u>14,794</u>	<u>36,683</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>47,097</u>	<u>38,534</u>	<u>593,842</u>	<u>679,473</u>
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>314,199</u>	<u>3,680,813</u>	<u>3,407,251</u>	<u>7,402,263</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 361,296</u></u>	<u><u>\$ 3,719,347</u></u>	<u><u>\$ 4,001,093</u></u>	<u><u>\$ 8,081,736</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 5,603	\$ (4,082)	\$ 282,650	\$ 284,171
Adjustments to reconcile operating income to net cash from operating activities				
(Increase) decrease in				
Other receivables	(5,326)	-	-	(5,326)
Prepaid items	-	(4,863)	-	(4,863)
Inventories	18,995	-	-	18,995
Increase (decrease) in				
Accounts payable	64,503	113,693	(25,277)	152,919
Accrued payroll	3,107	-	-	3,107
Claims payable	-	(87,000)	321,675	234,675
Unearned revenue	-	(1,018)	-	(1,018)
Compensated absences payable	<u>(39,870)</u>	<u>-</u>	<u>-</u>	<u>(39,870)</u>
NET CASH FROM OPERATING ACTIVITIES	<u><u>\$ 47,012</u></u>	<u><u>\$ 16,730</u></u>	<u><u>\$ 579,048</u></u>	<u><u>\$ 642,790</u></u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>OPERATING REVENUES</b>			
Intergovernmental			
Gasoline tax rebate	\$ 14,500	\$ 14,500	\$ 13,125
Charges for services			
Vehicle maintenance	2,005,345	2,005,345	1,995,347
Miscellaneous			
Recoveries and refunds	32,000	32,000	5,611
Other	-	-	1,995
Total operating revenues	2,051,845	2,051,845	2,016,078
<b>OPERATING EXPENSES</b>			
Costs of sales and services			
Public works			
Personnel	744,330	786,855	753,002
Supplies and services	1,215,820	1,241,796	1,257,473
Total operating expenses	1,960,150	2,028,651	2,010,475
<b>OPERATING INCOME (LOSS)</b>	91,695	23,194	5,603
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	100	100	85
<b>CHANGE IN NET POSITION</b>	\$ 91,795	\$ 23,294	5,688
<b>NET POSITION, JANUARY 1</b>			372,807
<b>NET POSITION, DECEMBER 31</b>		\$ 378,495	

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>OPERATING REVENUES</b>			
Charges for services			
Insurance fees and premiums			
Retiree	\$ 413,800	\$ 413,800	\$ 523,995
COBRA	-	-	11,851
Employee	498,000	498,000	479,133
Employer	5,182,960	5,182,960	5,074,670
Miscellaneous			
Reimbursements	-	-	251
	<hr/>	<hr/>	<hr/>
Total operating revenues	6,094,760	6,094,760	6,089,900
<b>OPERATING EXPENSES</b>			
Costs of sales and services			
Administration	323,795	365,045	357,985
Insurance claims	6,058,945	6,017,695	5,735,997
	<hr/>	<hr/>	<hr/>
Total operating expenses	6,382,740	6,382,740	6,093,982
OPERATING INCOME (LOSS)	(287,980)	(287,980)	(4,082)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	7,500	7,500	12,099
	<hr/>	<hr/>	<hr/>
CHANGE IN NET POSITION	\$ (280,480)	\$ (280,480)	8,017
	<hr/>	<hr/>	<hr/>
NET POSITION, JANUARY 1			3,047,136
NET POSITION, DECEMBER 31			\$ 3,055,153
	<hr/>	<hr/>	<hr/>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>OPERATING REVENUES</b>			
Charges for services			
Insurance fees and premiums	\$ 1,377,240	\$ 1,377,240	\$ 1,377,240
Miscellaneous			
Reimbursements	-	-	593,735
 Total operating revenues	 1,377,240	 1,377,240	 1,970,975
<b>OPERATING EXPENSES</b>			
Costs of sales and services			
Administration	111,380	111,380	82,850
Insurance claims	1,515,455	1,576,955	1,605,475
 Total operating expenses	 1,626,835	 1,688,335	 1,688,325
<b>OPERATING INCOME (LOSS)</b>	<b>(249,595)</b>	<b>(311,095)</b>	<b>282,650</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	5,000	5,000	9,404
<b>CHANGE IN NET POSITION</b>	<b>\$ (244,595)</b>	<b>\$ (306,095)</b>	<b>292,054</b>
<b>NET POSITION, JANUARY 1</b>			<b>2,350,884</b>
<b>NET POSITION, DECEMBER 31</b>			<b>\$ 2,642,938</b>

(See independent auditor's report.)

## **Fiduciary Funds**

### **Pension Trust Funds**

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

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

### **Agency Funds**

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

**Letter of Credit Escrow Fund** - to account for expenditures required to complete certain non-public projects within the Village. Funding is provided by the proceeds of Letters of Credit called by the Village.

**Section 125 Fund** - to account for funds held by the Village on behalf of the employees' IRS Section 125 Flexible Benefit Plan.

**ERT Hazmat Fund** - to account for funds held by the Village on behalf of surrounding fire departments for special emergency responses related to hazardous materials.



## VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF NET POSITION  
FIDUCIARY FUNDS

December 31, 2013

	Pension Trust		Total Pension Trust	Agency Funds
	Police Pension	Firefighters' Pension		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 879	\$ 879	\$ 1,758	\$ 1,335,826
Investments				
U.S. Treasury securities	5,139,445	10,618,054	15,757,499	-
U.S. agency securities	1,475,891	2,418,362	3,894,253	-
Corporate and international bonds	12,077,710	9,608,204	21,685,914	-
Municipal bonds	804,543	-	804,543	-
Money market mutual funds	472,845	707,220	1,180,065	-
Equities	36,863,312	33,798,285	70,661,597	-
Receivables				
Property taxes	-	-	-	639,996
Accrued interest	138,674	120,921	259,595	-
Due from general fund	17,786	18,091	35,877	-
<b>TOTAL ASSETS</b>	<b>\$ 56,991,085</b>	<b>\$ 57,290,016</b>	<b>\$ 114,281,101</b>	<b>\$ 1,975,822</b>
<b>LIABILITIES</b>				
Other liabilities	\$ -	\$ -	\$ -	\$ 1,124,277
Due to bondholders	-	-	-	851,545
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 1,975,822</b>
<b>NET POSITION</b>				
Held in trust for pension benefits	\$ 56,991,085	\$ 57,290,016	\$ 114,281,101	

(See independent auditor's report.)

## VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN NET POSITION  
PENSION TRUST FUNDS

For the Year Ended December 31, 2013

	Police Pension	Firefighters' Pension	Total
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 2,969,877	\$ 2,958,027	\$ 5,927,904
Employee	996,348	793,686	1,790,034
Miscellaneous income	81	-	81
 Total contributions	 3,966,306	 3,751,713	 7,718,019
 Investment earnings			
Net increase in the fair value of investments	4,979,713	6,258,879	11,238,592
Interest	1,298,100	1,002,811	2,300,911
 Total investment earnings	 6,277,813	 7,261,690	 13,539,503
Less investment expense	(288,494)	(195,046)	(483,540)
 Net investment earnings	 5,989,319	 7,066,644	 13,055,963
 Total additions	 9,955,625	 10,818,357	 20,773,982
 DEDUCTIONS			
Administration	16,896	10,962	27,858
Benefits and refunds			
Retirement benefits	2,579,379	3,660,825	6,240,204
Refunds of contributions	63,807	-	63,807
 Total deductions	 2,660,082	 3,671,787	 6,331,869
 CHANGE IN NET POSITION	 7,295,543	 7,146,570	 14,442,113
 NET POSITION			
January 1	49,695,542	50,143,446	99,838,988
 December 31	 \$ 56,991,085	 \$ 57,290,016	 \$ 114,281,101

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 2,996,800	\$ 2,996,800	\$ 2,969,877
Employee	977,000	977,000	996,348
Miscellaneous income	-	-	81
 Total contributions	 3,973,800	 3,973,800	 3,966,225
 Investment earnings			
Net increase in the fair value of investments	-	-	4,979,713
Interest	750,000	750,000	1,298,100
 Total investment earnings	 750,000	 750,000	 6,277,813
Less investment expense	(328,000)	(320,000)	(288,494)
 Net investment earnings	 422,000	 430,000	 5,989,319
 Total additions	 4,395,800	 4,403,800	 9,955,625
 DEDUCTIONS			
Administration	33,900	41,900	16,896
Benefits and refunds			
Retirement benefits	2,630,000	2,630,000	2,579,379
Refunds of contributions	75,000	75,000	63,807
 Total deductions	 2,738,900	 2,746,900	 2,660,082
 CHANGE IN NET POSITION	 \$ 1,656,900	 \$ 1,656,900	 7,295,543
 NET POSITION			
January 1			49,695,542
December 31			\$ 56,991,085

(See independent auditor's report.)

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VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 2,978,500	\$ 2,978,500	\$ 2,958,027
Employee	786,000	786,000	793,686
Total contributions	<u>3,764,500</u>	<u>3,764,500</u>	<u>3,751,713</u>
Investment earnings			
Net increase in the fair value of investments	-	-	6,258,879
Interest	750,000	750,000	1,002,811
Total investment earnings	750,000	750,000	7,261,690
Less investment expense	(210,000)	(210,000)	(195,046)
Net investment earnings	<u>540,000</u>	<u>540,000</u>	<u>7,066,644</u>
Total additions	<u>4,304,500</u>	<u>4,304,500</u>	<u>10,818,357</u>
<b>DEDUCTIONS</b>			
Administration	24,900	24,900	10,962
Benefits and refunds			
Retirement benefits	3,750,000	3,750,000	3,660,825
Refunds of contributions	75,000	75,000	-
Total deductions	<u>3,849,900</u>	<u>3,849,900</u>	<u>3,671,787</u>
CHANGE IN NET POSITION	<u>\$ 454,600</u>	<u>\$ 454,600</u>	<u>7,146,570</u>
<b>NET POSITION</b>			
January 1			<u>50,143,446</u>
December 31			<u>\$ 57,290,016</u>

(See independent auditor's report.)

## VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS

For the Year Ended December 31, 2013

	Balances January 1	Additions	Deletions	Balances December 31
<b>TOTAL AGENCY FUNDS</b>				
ASSETS				
Cash and cash equivalents	\$ 1,438,092	\$ 1,055,017	\$ 1,157,283	\$ 1,335,826
Receivables				
Property taxes	693,918	639,996	693,918	639,996
Prepaid items	3,000	-	3,000	-
<b>TOTAL ASSETS</b>	<b>\$ 2,135,010</b>	<b>\$ 1,695,013</b>	<b>\$ 1,854,201</b>	<b>\$ 1,975,822</b>
LIABILITIES				
Accounts payable	\$ 1,218	\$ 120,749	\$ 121,967	\$ -
Other liabilities	1,194,293	971,409	1,041,425	1,124,277
Due to bondholders	939,499	603,337	691,291	851,545
<b>TOTAL LIABILITIES</b>	<b>\$ 2,135,010</b>	<b>\$ 1,695,495</b>	<b>\$ 1,854,683</b>	<b>\$ 1,975,822</b>
<b>Special Service Areas Fund</b>				
ASSETS				
Cash and cash equivalents	\$ 850,527	\$ 548,491	\$ 574,923	\$ 824,095
Receivables				
Property taxes	693,918	639,996	693,918	639,996
Prepaid items	3,000	-	3,000	-
<b>TOTAL ASSETS</b>	<b>\$ 1,547,445</b>	<b>\$ 1,188,487</b>	<b>\$ 1,271,841</b>	<b>\$ 1,464,091</b>
LIABILITIES				
Other liabilities	\$ 607,946	\$ 585,150	\$ 580,550	\$ 612,546
Due to bondholders	939,499	603,337	691,291	851,545
<b>TOTAL LIABILITIES</b>	<b>\$ 1,547,445</b>	<b>\$ 1,188,487</b>	<b>\$ 1,271,841</b>	<b>\$ 1,464,091</b>

(This schedule is continued on the following page.)

## VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)  
AGENCY FUNDS

For the Year Ended December 31, 2013

	Balances January 1	Additions	Deletions	Balances December 31
<b>Letter of Credit Escrow Fund</b>				
ASSETS				
Cash and cash equivalents	\$ 474,363	\$ 127,729	\$ 175,819	\$ 426,273
<b>TOTAL ASSETS</b>	<b>\$ 474,363</b>	<b>\$ 127,729</b>	<b>\$ 175,819</b>	<b>\$ 426,273</b>
LIABILITIES				
Accounts payable	\$ 1,218	\$ 120,749	\$ 121,967	\$ -
Other liabilities	473,145	6,980	53,852	426,273
<b>TOTAL LIABILITIES</b>	<b>\$ 474,363</b>	<b>\$ 127,729</b>	<b>\$ 175,819</b>	<b>\$ 426,273</b>

**Section 125 Fund**

ASSETS				
Cash and cash equivalents	\$ 86,496	\$ 378,797	\$ 379,835	\$ 85,458
<b>TOTAL ASSETS</b>	<b>\$ 86,496</b>	<b>\$ 378,797</b>	<b>\$ 379,835</b>	<b>\$ 85,458</b>
LIABILITIES				
Other liabilities	\$ 86,496	\$ 379,279	\$ 380,317	\$ 85,458
<b>TOTAL LIABILITIES</b>	<b>\$ 86,496</b>	<b>\$ 379,279</b>	<b>\$ 380,317</b>	<b>\$ 85,458</b>

**ERT Hazmat Fund**

ASSETS				
Cash and cash equivalents	\$ 26,706	\$ -	\$ 26,706	\$ -
<b>TOTAL ASSETS</b>	<b>\$ 26,706</b>	<b>\$ -</b>	<b>\$ 26,706</b>	<b>\$ -</b>
LIABILITIES				
Other liabilities	\$ 26,706	\$ -	\$ 26,706	\$ -
<b>TOTAL LIABILITIES</b>	<b>\$ 26,706</b>	<b>\$ -</b>	<b>\$ 26,706</b>	<b>\$ -</b>

(See independent auditor's report.)

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## **Supplementary Information**



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VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>TAXES</b>			
Property tax			
Police protection	\$ 4,882,900	\$ 4,882,900	\$ 4,822,328
Fire protection	4,882,900	4,882,900	4,822,344
FICA	2,220,150	2,220,150	2,192,697
IMRF	1,190,000	1,190,000	1,176,240
Police pension	2,996,800	2,996,800	2,969,877
Fire pension	2,978,500	2,978,500	2,958,027
Home rule sales tax	4,150,950	4,150,950	4,305,118
Food and beverage tax	1,100,000	1,100,000	1,075,949
Motel occupancy tax	150,000	150,000	166,749
Electric utility use tax	1,400,000	1,400,000	1,572,005
 Total taxes	 25,952,200	 25,952,200	 26,061,334
<b>LICENSES AND PERMITS</b>			
Professional and occupational	230,000	230,000	223,819
Liquor licenses	320,000	320,000	325,800
Rental dwelling licenses	256,500	256,500	298,312
Building permits and fees	453,800	453,800	601,986
Vehicle licenses	1,200,000	1,200,000	1,205,038
Other licenses and permits	142,600	142,600	167,194
 Total licenses and permits	 2,602,900	 2,602,900	 2,822,149
<b>INTERGOVERNMENTAL</b>			
State sales tax	7,730,820	7,730,820	8,204,666
State income tax	5,500,000	5,500,000	6,532,135
Local use tax	1,089,300	1,089,300	1,138,671
Township road and bridge tax	749,100	749,100	741,534
Fire protection district reimbursement	652,000	652,000	603,108
Police consultant - schools	556,730	556,730	556,730
State highway maintenance	138,000	138,000	137,886
Personal property replacement tax	112,200	112,200	117,307
Grants	30,000	30,000	35,239
Other intergovernmental	95,500	95,500	109,170
 Total intergovernmental	 16,653,650	 16,653,650	 18,176,446

(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, 2013

	Original Budget	Final Budget	Actual
<b>CHARGES FOR SERVICES</b>			
Cable TV franchise fees	745,200	745,200	825,104
Plan review fees	170,000	170,000	275,366
Inspection fees	200,000	200,000	248,308
Special police service	115,000	115,000	124,455
Special fire service	23,300	23,300	20,741
Ambulance fees	1,223,500	1,223,500	1,259,539
Vehicle impound fees	275,000	275,000	187,500
Streetfest revenue	175,000	175,000	219,637
Rental income	32,500	32,500	120,070
Other charges for services	82,000	82,000	99,709
<b>Total charges for services</b>	<b>3,041,500</b>	<b>3,041,500</b>	<b>3,380,429</b>
<b>FINES AND FORFEITS</b>			
Circuit court fines	360,000	360,000	321,889
Parking fines	125,000	125,000	140,951
Compliance fines	209,800	209,800	191,913
Red light violation fines	475,000	475,000	658,804
Adjudication and other fines	29,700	29,700	22,669
<b>Total fines and forfeits</b>	<b>1,199,500</b>	<b>1,199,500</b>	<b>1,336,226</b>
<b>INVESTMENT INCOME</b>	<b>250,000</b>	<b>250,000</b>	<b>257,429</b>
<b>MISCELLANEOUS</b>			
Recoveries and refunds	90,000	90,000	99,622
Reimbursements	25,000	25,703	33,907
Donations	-	5,320	5,526
Other	5,600	5,600	13,279
<b>Total miscellaneous</b>	<b>120,600</b>	<b>126,623</b>	<b>152,334</b>
<b>TOTAL REVENUES</b>	<b>\$ 49,820,350</b>	<b>\$ 49,826,373</b>	<b>\$ 52,186,347</b>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>GENERAL GOVERNMENT</b>			
Mayor and council			
Personnel	\$ 202,310	\$ 202,310	\$ 182,217
Supplies and services	38,270	55,472	49,277
Boards and commissions			
Personnel	2,425	2,425	1,103
Supplies and services	54,605	51,283	44,431
Village clerk			
Personnel	180,675	181,145	177,429
Supplies and services	18,925	18,925	12,063
Village manager			
Personnel	816,235	821,270	812,093
Supplies and services	312,740	401,588	375,100
Finance and operations			
Personnel	634,025	638,415	614,322
Supplies and services	460,890	460,890	330,523
Legal			
Personnel	69,445	69,445	69,613
Supplies and services	436,200	436,200	297,568
Human resources			
Personnel	517,660	321,245	306,236
Supplies and services	49,425	45,320	40,943
Planning and zoning			
Personnel	496,700	497,780	479,458
Supplies and services	10,830	10,830	3,288
Information technology			
Personnel	871,220	873,900	863,846
Supplies and services	284,970	277,294	224,569
Liability insurance			
Supplies and services	1,377,240	1,377,240	1,377,240
Less administrative fees			
CDBG Fund	(71,359)	(71,359)	(71,359)
Waterworks fund	(139,050)	(139,050)	(139,050)
Sewerage fund	(357,000)	(357,000)	(357,000)
Refuse fund	(54,000)	(54,000)	(54,000)
Motor Vehicle Parking System fund	(107,000)	(107,000)	(107,000)
Total general government	6,106,381	6,014,568	5,532,910

(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, 2013

	Original Budget	Final Budget	Actual
<b>PUBLIC SAFETY</b>			
Community services			
Personnel	1,613,440	1,619,585	1,603,830
Supplies and services	162,905	161,162	125,657
Police			
Personnel	18,305,335	18,399,395	18,161,295
Supplies and services	1,434,110	1,447,027	1,439,847
Fire			
Personnel	14,867,195	15,076,705	14,898,545
Supplies and services	777,425	760,095	746,092
<b>Total public safety</b>	<b>37,160,410</b>	<b>37,463,969</b>	<b>36,975,266</b>
<b>PUBLIC WORKS</b>			
Engineering			
Personnel	384,030	385,945	380,762
Supplies and services	22,645	22,645	18,205
Public works			
Personnel	3,649,720	3,719,765	3,642,042
Supplies and services	2,415,380	2,390,839	2,187,613
<b>Total public works</b>	<b>6,471,775</b>	<b>6,519,194</b>	<b>6,228,622</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 49,738,566</b>	<b>\$ 49,997,731</b>	<b>\$ 48,736,798</b>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes			
Property tax	\$ 2,749,095	\$ 2,749,095	\$ 2,767,147
Intergovernmental			
Build america bond interest rebate	540,015	540,015	497,052
Investment income	2,500	2,500	5,062
	<hr/>	<hr/>	<hr/>
<b>Total revenues</b>	<b>3,291,610</b>	<b>3,291,610</b>	<b>3,269,261</b>
<b>EXPENDITURES</b>			
Debt service			
Principal retirement	1,541,165	1,541,165	1,541,165
Interest	1,956,955	1,956,955	1,956,940
Fiscal charges	6,000	6,000	3,706
	<hr/>	<hr/>	<hr/>
<b>Total expenditures</b>	<b>3,504,120</b>	<b>3,504,120</b>	<b>3,501,811</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (212,510)</b>	<b>\$ (212,510)</b>	<b>(232,550)</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>2,424,978</b>
<b>FUND BALANCE, DECEMBER 31</b>		<b>\$ 2,192,428</b>	

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
<b>OPERATING REVENUES</b>			
Charges for services	\$ 9,704,000	\$ 9,716,287	\$ 9,722,240
Miscellaneous	35,000	35,000	45,490
<b>Total operating revenues</b>	<b>9,739,000</b>	<b>9,751,287</b>	<b>9,767,730</b>
<b>OPERATING EXPENSES EXCLUDING DEPRECIATION</b>			
Costs of sales and services	7,298,070	6,578,326	6,280,611
Administrative fees - General Fund	139,050	139,050	139,050
<b>Total operating expenses excluding depreciation</b>	<b>7,437,120</b>	<b>6,717,376</b>	<b>6,419,661</b>
<b>OPERATING INCOME (LOSS) BEFORE DEPRECIATION</b>	<b>2,301,880</b>	<b>3,033,911</b>	<b>3,348,069</b>
<b>DEPRECIATION</b>	<b>-</b>	<b>-</b>	<b>720,930</b>
<b>OPERATING INCOME</b>	<b>2,301,880</b>	<b>3,033,911</b>	<b>2,627,139</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	1,000	1,000	7,026
Interest and fiscal charges	(60,865)	(60,865)	(441,898)
Income (Expense) from joint venture	-	-	71,059
<b>Total nonoperating revenues (expenses)</b>	<b>(59,865)</b>	<b>(59,865)</b>	<b>(363,813)</b>
<b>NET INCOME BEFORE TRANSFERS</b>	<b>2,242,015</b>	<b>2,974,046</b>	<b>2,263,326</b>
<b>Transfers (out)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>(100,000)</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 2,142,015</b>	<b>\$ 2,874,046</b>	<b>2,163,326</b>
<b>NET POSITION, JANUARY 1</b>			<b>22,884,117</b>
<b>NET POSITION, DECEMBER 31</b>			<b>\$ 25,047,443</b>

(See independent auditor's report.)

## VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING REVENUES - BUDGET AND ACTUAL  
WATERWORKS FUND

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>OPERATING REVENUES</b>			
Charges for services			
Water use fees			
Resident	\$ 7,344,000	\$ 7,344,000	\$ 7,341,965
Nonresident	1,770,000	1,782,287	1,683,844
Water penalties			
Resident	50,000	50,000	55,652
Nonresident	9,000	9,000	11,146
User charge			
Resident	445,000	445,000	444,133
Nonresident	26,000	26,000	25,884
System development surcharge	15,000	15,000	34,187
Water extension fee	15,000	15,000	56,597
Water connection fees	10,000	10,000	18,956
Water meter sales	10,000	10,000	27,348
Water turn-on/service fees	10,000	10,000	22,528
Total charges for services	9,704,000	9,716,287	9,722,240
Miscellaneous - reimbursements	35,000	35,000	45,490
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 9,739,000</b>	<b>\$ 9,751,287</b>	<b>\$ 9,767,730</b>

(See independent auditor's report.)

## VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL  
WATERWORKS FUND

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>OPERATING EXPENSES</b>			
Costs of sales and services			
Finance and operations			
Personnel	\$ 489,030	\$ 476,530	\$ 453,524
Supplies and services	171,845	184,345	178,395
Engineering			
Personnel	105,670	105,670	107,924
Public works			
Personnel	969,770	1,005,760	989,027
Supplies and services	784,210	785,982	625,249
Water purchase			
Northwest Water Commission	2,929,000	2,929,000	2,835,454
Capital projects			
Buildings and facilities	375,000	207,606	207,606
Less: Nonoperating			
Fixed assets capitalized	-	(207,605)	(207,605)
Water system	1,473,545	1,428,498	1,428,497
Less: Nonoperating			
Fixed assets capitalized	-	(337,460)	(337,460)
Total costs of sales and services	7,298,070	6,578,326	6,280,611
Administrative fees - General Fund	139,050	139,050	139,050
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 7,437,120</b>	<b>\$ 6,717,376</b>	<b>\$ 6,419,661</b>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>OPERATING REVENUES</b>			
Charges for services	\$ 3,321,990	\$ 3,321,990	\$ 3,381,113
Miscellaneous	-	-	41,867
 Total operating revenues	 3,321,990	 3,321,990	 3,422,980
<b>OPERATING EXPENSES EXCLUDING DEPRECIATION</b>			
Costs of sales and services	1,615,340	1,384,574	1,373,846
Administrative fees - General Fund	357,000	357,000	357,000
 Total operating expenses excluding depreciation	 1,972,340	 1,741,574	 1,730,846
<b>OPERATING INCOME (LOSS) BEFORE DEPRECIATION</b>	1,349,650	1,580,416	1,692,134
<b>DEPRECIATION</b>	-	-	1,210,365
<b>OPERATING INCOME (LOSS)</b>	<b>1,349,650</b>	<b>1,580,416</b>	<b>481,769</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	4,500	4,500	8,069
Interest and fiscal charges	(389,360)	(389,360)	(394,697)
 Total nonoperating revenues (expenses)	 (384,860)	 (384,860)	 (386,628)
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	964,790	1,195,556	95,141
Contributions	-	-	225,345
Transfers (out)	(50,000)	(50,000)	(50,000)
 <b>CHANGE IN NET POSITION</b>	 <b>\$ 914,790</b>	 <b>\$ 1,145,556</b>	 <b>270,486</b>
 <b>NET POSITION, JANUARY 1</b>			 <b>19,097,538</b>
 <b>NET POSITION, DECEMBER 31</b>			 <b>\$ 19,368,024</b>

(See independent auditor's report.)

## VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING REVENUES - BUDGET AND ACTUAL  
SEWERAGE FUND

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>OPERATING REVENUES</b>			
Charges for services			
Sewer use fees			
Resident	\$ 1,705,825	\$ 1,705,825	\$ 1,744,039
Nonresident	301,965	301,965	300,692
Sewer penalties			
Resident	27,500	27,500	25,468
Nonresident	2,000	2,000	1,872
Sewer connection fees	6,000	6,000	7,813
Surcharges			
Sewer separation	131,000	131,000	144,293
Fair Meadows	1,700	1,700	1,815
Flood control	1,146,000	1,146,000	1,119,995
50/50 sewer extension	-	-	10,438
Detention Fees	-	-	24,688
Total charges for services	3,321,990	3,321,990	3,381,113
Miscellaneous - reimbursements	-	-	41,867
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 3,321,990</b>	<b>\$ 3,321,990</b>	<b>\$ 3,422,980</b>

(See independent auditor's report.)

## VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL  
SEWERAGE FUND

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>OPERATING EXPENSES</b>			
Costs of sales and services			
Engineering			
Personnel	\$ 124,380	\$ 124,380	\$ 126,003
Public works			
Personnel	509,880	519,885	531,255
Supplies and services	191,080	157,114	145,668
Capital projects			
Flood control	570,000	865,038	853,452
Less: Nonoperating			
Fixed assets capitalized	-	(459,880)	(459,880)
Sanitary sewer	220,000	721,012	720,323
Less: Nonoperating			
Fixed assets capitalized	-	(542,975)	(542,975)
Total costs of sales and services	1,615,340	1,384,574	1,373,846
Administrative fees - General Fund	357,000	357,000	357,000
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,972,340</b>	<b>\$ 1,741,574</b>	<b>\$ 1,730,846</b>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>OPERATING REVENUES</b>			
Charges for services			
Parking fees	\$ 680,500	\$ 680,500	\$ 683,780
Total operating revenues	<u>680,500</u>	<u>680,500</u>	<u>683,780</u>
<b>OPERATING EXPENSES EXCLUDING DEPRECIATION</b>			
Costs of sales and services	545,345	521,095	431,525
Administrative fees - General Fund	54,000	54,000	54,000
Total operating expenses excluding depreciation	<u>599,345</u>	<u>575,095</u>	<u>485,525</u>
<b>OPERATING INCOME (LOSS) BEFORE DEPRECIATION</b>	81,155	105,405	198,255
<b>DEPRECIATION</b>	-	-	784,080
<b>OPERATING INCOME (LOSS)</b>	81,155	105,405	(585,825)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	1,000	1,000	1,063
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	82,155	106,405	(584,762)
Contributions	-	-	1,952,555
<b>CHANGE IN NET POSITION</b>	<u>\$ 82,155</u>	<u>\$ 106,405</u>	<u>1,367,793</u>
<b>NET POSITION, JANUARY 1</b>			<u>11,327,304</u>
<b>NET POSITION, DECEMBER 31</b>			<u>\$ 12,695,097</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>OPERATING EXPENSES</b>			
Costs of sales and services			
Finance and operations			
Supplies and services	\$ 58,500	\$ 58,500	\$ 50,723
Public works			
Personnel	3,640	3,640	3,075
Supplies and services	373,205	393,418	312,190
Capital projects			
Buildings and facilities	110,000	65,537	65,537
Total costs of sales and services	545,345	521,095	431,525
Administrative fees - General Fund	54,000	54,000	54,000
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 599,345</b>	<b>\$ 575,095</b>	<b>\$ 485,525</b>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
<b>OPERATING REVENUES</b>			
Charges for services			
Refuse billing	\$ 4,557,610	\$ 4,557,610	\$ 4,511,043
Total operating revenues	4,557,610	4,557,610	4,511,043
<b>OPERATING EXPENSES</b>			
Refuse collection	4,425,830	4,425,830	4,319,461
Administrative fees - General Fund	107,000	107,000	107,000
Total operating expenses	4,532,830	4,532,830	4,426,461
<b>OPERATING INCOME (LOSS)</b>	24,780	24,780	84,582
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	2,500	2,500	3,906
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	27,280	27,280	88,488
Transfers (out)	(100,000)	(100,000)	(100,000)
<b>CHANGE IN NET POSITION</b>	\$ (72,720)	\$ (72,720)	(11,512)
<b>NET POSITION, JANUARY 1</b>			1,960,368
<b>NET POSITION, DECEMBER 31</b>			\$ 1,948,856

(See independent auditor's report.)

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## **Statistical Section**



## Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
<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.	122 - 131
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	132 - 136
<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 debt in the future.	137 - 140
<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.	141 - 142
<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.	143 - 144

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



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VILLAGE OF PALATINE, ILLINOIS

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Fiscal Year	2004	2005	2006	2007
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in capital assets	\$ 101,812,134	\$ 100,693,938	\$ 105,405,740	\$ 92,401,441
Restricted	14,477,732	19,730,260	21,578,252	24,347,626
Unrestricted	988,732	15,647,897	14,979,825	35,686,515
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 117,278,598</b>	<b>\$ 136,072,095</b>	<b>\$ 141,963,817</b>	<b>\$ 152,435,582</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net investment in capital assets	\$ 37,852,794	\$ 26,012,558	\$ 37,479,931	\$ 32,624,663
Restricted	-	-	-	-
Unrestricted	4,153,291	17,342,996	5,306,733	14,999,979
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 42,006,085</b>	<b>\$ 43,355,554</b>	<b>\$ 42,786,664</b>	<b>\$ 47,624,642</b>
<b>PRIMARY GOVERNMENT</b>				
Net investment in capital assets	\$ 126,706,496	\$ 142,885,671	\$ 125,026,104	\$ 140,128,918
Restricted	19,730,260	21,578,252	24,347,626	21,004,875
Unrestricted	32,990,893	20,286,558	50,686,494	37,245,113
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 179,427,649</b>	<b>\$ 184,750,481</b>	<b>\$ 200,060,224</b>	<b>\$ 198,378,906</b>

Data Source

Audited Financial Statements

2008	2009	2010	2011	2012	2013
\$ 101,570,852	\$ 133,517,262	\$ 133,599,587	\$ 129,862,356	\$ 134,215,974	\$ 140,609,666
21,004,875	42,399,832	40,641,243	10,854,118	3,233,577	3,600,787
<u>24,652,055</u>	<u>(17,333,619)</u>	<u>(9,711,908)</u>	<u>27,281,648</u>	<u>33,174,261</u>	<u>30,210,005</u>
<u>\$ 147,227,782</u>	<u>\$ 158,583,475</u>	<u>\$ 164,528,922</u>	<u>\$ 167,998,122</u>	<u>\$ 170,623,812</u>	<u>\$ 174,420,458</u>
\$ 38,558,066	\$ 38,891,700	\$ 35,931,798	\$ 35,235,617	\$ 43,155,964	\$ 33,470,473
-	-	-	-	-	-
<u>12,593,058</u>	<u>11,648,072</u>	<u>15,456,420</u>	<u>17,683,868</u>	<u>12,113,363</u>	<u>25,588,947</u>
<u>\$ 51,151,124</u>	<u>\$ 50,539,772</u>	<u>\$ 51,388,218</u>	<u>\$ 52,919,485</u>	<u>\$ 55,269,327</u>	<u>\$ 59,059,420</u>
\$ 172,408,962	\$ 169,531,385	\$ 165,097,973	\$ 177,371,938	\$ 177,371,938	\$ 174,080,139
42,399,832	40,641,243	10,854,118	3,233,577	3,233,577	3,600,787
<u>(5,685,547)</u>	<u>5,744,512</u>	<u>44,965,516</u>	<u>45,287,624</u>	<u>45,287,624</u>	<u>55,798,952</u>
<u>\$ 209,123,247</u>	<u>\$ 215,917,140</u>	<u>\$ 220,917,607</u>	<u>\$ 225,893,139</u>	<u>\$ 225,893,139</u>	<u>\$ 233,479,878</u>

VILLAGE OF PALATINE, ILLINOIS

CHANGES IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	2004	2005	2006
<b>EXPENSES</b>			
Governmental activities			
General government	\$ 7,296,867	\$ 6,932,885	\$ 7,346,275
Public safety	25,265,921	26,321,237	28,713,081
Public works	8,251,434	9,713,501	8,643,238
Economic development	7,870,270	3,743,670	9,779,022
Interest and fiscal charges	3,804,206	3,762,226	4,295,123
Total governmental activities expenses	<u>52,488,698</u>	<u>50,473,519</u>	<u>58,776,739</u>
Business-type activities			
Waterworks	6,214,408	5,862,991	5,692,588
Sewerage	1,666,910	1,716,882	1,788,004
Parking system	1,283,080	1,348,318	1,395,069
Refuse collection	3,889,091	4,137,678	4,006,515
Total business-type activities expenses	<u>13,053,489</u>	<u>13,065,869</u>	<u>12,882,176</u>
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b><u>\$ 65,542,187</u></b>	<b><u>\$ 63,539,388</u></b>	<b><u>\$ 71,658,915</u></b>
<b>PROGRAM REVENUES</b>			
Governmental activities			
Charges for services			
General government	\$ 4,680,502	\$ 4,369,604	\$ 4,379,572
Public safety	2,016,434	2,231,093	2,518,276
Other activities	222,263	194,548	263,374
Operating grants	10,899,117	11,605,683	11,928,962
Capital grants and contributions	386,201	461,311	479,231
Total governmental activities program revenues	<u>18,204,517</u>	<u>18,862,239</u>	<u>19,569,415</u>
Business-type activities			
Charges for services			
Waterworks	5,579,599	6,329,850	5,934,839
Sewerage	2,072,020	2,169,364	2,257,277
Parking system	562,039	607,332	621,311
Refuse collection	3,949,680	4,043,296	4,083,059
Operating grants	-	-	-
Capital grants and contributions	70,000	-	-
Total business-type activities program revenues	<u>12,233,338</u>	<u>13,149,842</u>	<u>12,896,486</u>
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<b><u>\$ 30,437,855</u></b>	<b><u>\$ 32,012,081</u></b>	<b><u>\$ 32,465,901</u></b>
<b>NET REVENUE (EXPENSE)</b>			
Governmental activities	\$ (34,284,181)	\$ (31,611,280)	\$ (39,207,324)
Business-type activities	(820,151)	83,973	14,310
<b>TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)</b>	<b><u>\$ (35,104,332)</u></b>	<b><u>\$ (31,527,307)</u></b>	<b><u>\$ (39,193,014)</u></b>

Data Source

Audited Financial Statements

	2007	2008	2009	2010	2011	2012	2013
\$ 9,008,572	\$ 9,191,571	\$ 8,314,739	\$ 7,911,734	\$ 8,092,022	\$ 5,687,081	\$ 3,618,746	
29,416,464	31,825,692	33,898,460	35,204,860	37,174,518	39,154,692	39,226,832	
9,080,835	13,227,490	10,720,807	10,000,129	11,346,788	10,978,933	14,290,195	
5,943,316	17,188,453	1,539,146	6,828,477	7,618,221	7,785,928	5,914,067	
4,340,856	3,710,426	3,411,066	4,190,376	4,965,687	4,782,927	4,334,822	
<b>57,790,043</b>	<b>75,143,632</b>	<b>57,884,218</b>	<b>64,135,576</b>	<b>69,197,236</b>	<b>68,389,561</b>	<b>67,384,662</b>	
5,876,757	6,354,122	6,188,396	6,121,039	7,199,466	6,851,401	7,511,430	
2,468,787	3,904,841	3,391,245	3,103,688	3,063,914	3,688,412	3,335,908	
1,535,188	1,566,202	1,431,482	1,405,859	1,344,734	1,355,716	1,269,605	
4,178,546	4,279,643	4,227,437	4,218,165	4,388,685	4,430,979	4,426,461	
<b>14,059,278</b>	<b>16,104,808</b>	<b>15,238,560</b>	<b>14,848,751</b>	<b>15,996,799</b>	<b>16,326,508</b>	<b>16,543,404</b>	
<b>\$ 71,849,321</b>	<b>\$ 91,248,440</b>	<b>\$ 73,122,778</b>	<b>\$ 78,984,327</b>	<b>\$ 85,194,035</b>	<b>\$ 84,716,069</b>	<b>\$ 83,928,066</b>	
\$ 4,135,624	\$ 4,024,203	\$ 4,192,225	\$ 4,129,923	\$ 3,988,510	\$ 3,178,125	\$ 3,684,856	
2,810,527	2,864,677	3,750,916	3,345,737	4,167,979	4,107,608	4,128,702	
252,771	231,618	259,356	242,032	1,001,900	2,150,261	2,107,948	
12,186,740	11,675,004	10,971,042	12,581,080	12,679,313	12,743,700	13,215,244	
880,338	6,342,160	1,592,266	3,465,779	1,726,883	605,818	315,830	
<b>20,266,000</b>	<b>25,137,662</b>	<b>20,765,805</b>	<b>23,764,551</b>	<b>23,564,585</b>	<b>22,785,512</b>	<b>23,452,580</b>	
6,471,798	6,161,045	6,417,950	7,208,992	9,084,694	9,818,910	9,767,730	
2,681,760	2,823,386	3,128,333	3,189,687	3,250,125	3,411,343	3,422,980	
629,866	663,178	630,319	654,485	679,455	678,488	683,780	
4,403,667	4,662,852	4,414,604	4,426,123	4,649,761	4,518,425	4,511,043	
-	-	-	-	12,320	-	-	
-	-	4,271	208,347	90,997	448,825	2,177,900	
<b>14,187,091</b>	<b>14,310,461</b>	<b>14,595,477</b>	<b>15,687,634</b>	<b>17,767,352</b>	<b>18,875,991</b>	<b>20,563,433</b>	
<b>\$ 34,453,091</b>	<b>\$ 39,448,123</b>	<b>\$ 35,361,282</b>	<b>\$ 39,452,185</b>	<b>\$ 41,331,937</b>	<b>\$ 41,661,503</b>	<b>\$ 44,016,013</b>	
\$ (37,524,043)	\$ (50,005,970)	\$ (37,118,413)	\$ (40,371,025)	\$ (45,632,651)	\$ (45,604,049)	\$ (43,932,082)	
127,813	(1,794,347)	(643,083)	838,883	1,770,553	2,549,483	4,020,029	
<b>\$ (37,396,230)</b>	<b>\$ (51,800,317)</b>	<b>\$ (37,761,496)</b>	<b>\$ (39,532,142)</b>	<b>\$ (43,862,098)</b>	<b>\$ (43,054,566)</b>	<b>\$ (39,912,053)</b>	

VILLAGE OF PALATINE, ILLINOIS

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2004	2005	2006
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>			
Governmental activities			
Taxes			
Property	\$ 21,948,798	\$ 24,590,116	\$ 28,324,991
Home rule sales tax	4,296,091	4,641,188	4,622,302
Telecommunications	2,011,046	2,125,860	2,378,621
Electric utility use	-	-	-
Other	1,252,401	1,361,254	1,438,442
State shared income tax	4,189,384	4,919,232	5,403,355
Investment income	452,726	824,104	1,928,010
Miscellaneous	1,034,092	208,006	248,570
Gain on sale of capital assets	-	72,191	-
Special item	-	-	-
Transfers	762,795	(1,192,800)	754,755
Total governmental activities	<u>35,947,333</u>	<u>37,549,151</u>	<u>45,099,046</u>
Business-type activities			
Investment income	42,908	101,978	238,653
Income (loss) from joint venture	49,581	(40,927)	(89,098)
Gain on sale of capital assets	97,950	11,645	22,000
Transfers	(762,795)	1,192,800	(754,755)
Total business-type activities	<u>(572,356)</u>	<u>1,265,496</u>	<u>(583,200)</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b><u>\$ 35,374,977</u></b>	<b><u>\$ 38,814,647</u></b>	<b><u>\$ 44,515,846</u></b>
<b>CHANGE IN NET POSITION</b>			
Governmental activities	\$ 1,663,152	\$ 5,937,871	\$ 5,891,722
Business-type activities	<u>(1,392,507)</u>	<u>1,349,469</u>	<u>(568,890)</u>
<b>TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)</b>	<b><u>\$ 270,645</u></b>	<b><u>\$ 7,287,340</u></b>	<b><u>\$ 5,322,832</u></b>

Data Source

Audited Financial Statements

	2007	2008	2009	2010	2011	2012	2013
\$ 29,490,106	\$ 33,005,614	\$ 33,667,265	\$ 32,191,912	\$ 33,563,321	\$ 32,904,361	\$ 31,515,066	
4,788,068	4,673,737	3,992,663	4,100,988	4,232,849	4,199,803	4,305,118	
2,987,002	2,870,797	2,834,118	2,796,032	2,462,499	2,550,703	2,239,240	
-	-	-	-	1,428,854	1,751,844	1,722,005	
1,449,746	1,467,906	1,286,211	1,280,923	1,248,610	1,267,148	1,242,698	
5,863,302	6,270,922	5,476,622	5,307,674	5,341,577	6,023,925	6,532,135	
2,211,847	1,081,574	400,701	305,545	285,881	321,140	300,305	
214,546	326,910	403,633	333,398	285,260	164,057	193,597	
231,191	171,738	50,333	-	-	-	-	
-	-	-	-	-	-	-	
760,000	-	-	-	253,000	339,557	250,000	
<b>47,995,808</b>	<b>49,869,198</b>	<b>48,111,546</b>	<b>46,316,472</b>	<b>49,101,851</b>	<b>49,522,538</b>	<b>48,300,164</b>	
291,401	150,061	31,731	9,563	13,714	25,416	20,064	
221,989	294,123	-	-	-	-	-	
-	-	-	-	-	-	-	
<b>(760,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(253,000)</b>	<b>(339,557)</b>	<b>(250,000)</b>	
<b>(246,610)</b>	<b>444,184</b>	<b>31,731</b>	<b>9,563</b>	<b>(239,286)</b>	<b>(314,141)</b>	<b>(229,936)</b>	
<b>\$ 47,749,198</b>	<b>\$ 50,313,382</b>	<b>\$ 48,143,277</b>	<b>\$ 46,326,035</b>	<b>\$ 48,862,565</b>	<b>\$ 49,208,397</b>	<b>\$ 48,070,228</b>	
\$ 10,471,765	\$ (136,772)	\$ 10,993,133	\$ 5,945,447	\$ 3,469,200	\$ 3,918,489	\$ 4,368,082	
(118,797)	(1,350,163)	(611,352)	848,446	1,531,267	2,235,342	3,790,093	
<b>\$ 10,352,968</b>	<b>\$ (1,486,935)</b>	<b>\$ 10,381,781</b>	<b>\$ 6,793,893</b>	<b>\$ 5,000,467</b>	<b>\$ 6,153,831</b>	<b>\$ 8,158,175</b>	

VILLAGE OF PALATINE, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2004	2005	2006	2007
<b>GENERAL FUND</b>				
Reserved	\$ 25,965	\$ 26,470	\$ 5,042,920	\$ 5,287,920
Unreserved	12,316,855	16,285,665	12,604,862	13,056,080
Nonspendable	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL GENERAL FUND</b>	<b>\$ 12,342,820</b>	<b>\$ 16,312,135</b>	<b>\$ 17,647,782</b>	<b>\$ 18,344,000</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Reserved	\$ 21,650,756	\$ 19,858,828	\$ 28,720,235	\$ 28,100,314
Unreserved, reported in				
Special Revenue Funds	-	-	(5,267,911)	852,177
Capital Project Funds	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL ALL OTHER GOVERNMENTAL FUNDS</b>	<b>\$ 21,650,756</b>	<b>\$ 19,858,828</b>	<b>\$ 23,452,324</b>	<b>\$ 28,952,491</b>

\* GASB Statement 54 was implemented for the year ended December 31, 2011.

Data Source

Audited Financial Statements

2008	2009	2010	2011*	2012	2013
\$ 5,536,201	\$ 5,898,008	\$ 6,025,530	\$ -	\$ -	\$ -
11,641,186	10,608,000	9,745,168	-	-	-
-	-	-	6,267,920	5,772,920	5,277,920
-	-	-	12,657,972	15,064,951	16,880,750
<b>\$ 17,177,387</b>	<b>\$ 16,506,008</b>	<b>\$ 15,770,698</b>	<b>\$ 18,925,892</b>	<b>\$ 20,837,871</b>	<b>\$ 22,158,670</b>
 \$ 28,994,327	 \$ 42,712,889	 \$ 57,463,551	 \$ -	 \$ -	 \$ -
(1,874,480)	-	-	-	-	-
-	(106,775)	-	-	-	-
-	-	-	36,631,487	32,349,656	23,876,160
-	-	-	10,844,611	11,900,695	16,305,655
-	-	-	-	(871,431)	(2,484,768)
<b>\$ 27,119,847</b>	<b>\$ 42,606,114</b>	<b>\$ 57,463,551</b>	<b>\$ 47,476,098</b>	<b>\$ 43,378,920</b>	<b>\$ 37,697,047</b>

VILLAGE OF PALATINE, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2004	2005	2006	2007
<b>REVENUES</b>				
Taxes	\$ 38,202,894	\$ 41,982,423	\$ 46,392,377	\$ 48,653,181
Licenses and permits	3,212,245	3,121,288	3,242,695	3,061,764
Intergovernmental	7,326,489	8,355,118	9,075,448	9,924,521
Charges for services	2,051,636	2,021,009	1,842,979	2,130,142
Fines and forfeitures	716,827	741,524	885,018	893,496
Investment income	452,727	824,104	1,928,007	2,211,847
Contributions	-	-	-	-
Miscellaneous	<u>1,509,635</u>	<u>486,533</u>	<u>547,182</u>	<u>395,666</u>
<b>Total revenues</b>	<b>53,472,453</b>	<b>57,531,999</b>	<b>63,913,706</b>	<b>67,270,617</b>
<b>EXPENDITURES</b>				
General government	6,198,790	7,125,694	7,814,881	8,838,522
Public safety	24,522,768	25,640,194	27,386,129	28,822,573
Public works	7,179,264	7,217,325	6,729,375	7,563,075
Economic development	7,656,265	2,984,458	9,264,353	2,952,388
Capital outlay	3,886,664	2,796,534	2,874,863	6,125,005
Debt service				
Principal retirement	8,957,650	4,175,070	5,814,851	8,537,919
Interest	4,195,440	3,769,464	3,957,332	4,330,229
Fiscal charges	-	9,373	-	153,978
<b>Total expenditures</b>	<b>62,596,841</b>	<b>53,718,112</b>	<b>63,841,784</b>	<b>67,323,689</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<b>(9,124,388)</b>	<b>3,813,887</b>	<b>71,922</b>	<b>(53,072)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds issued, at par	19,707,949	645,200	4,027,100	18,800,000
Refunding bonds issued, at par	-	-	-	-
Bond premium	109,363	17,014	-	12,490
Bond discount	(76,534)	-	-	(43,459)
Payment to refunded bond escrow agent	(6,858,647)	(653,227)	-	-
Proceeds from sale of capital assets	77,343	(608,839)	75,366	231,191
Transfers in	2,396,555	1,558,530	4,903,860	3,376,733
Transfers (out)	(1,633,760)	(2,746,330)	(4,149,105)	(2,616,733)
<b>Total other financing sources (uses)</b>	<b>13,722,269</b>	<b>(1,787,652)</b>	<b>4,857,221</b>	<b>19,760,222</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 4,597,881</b>	<b>\$ 2,026,235</b>	<b>\$ 4,929,143</b>	<b>\$ 19,707,150</b>
Debt service as a percentage of noncapital expenditures	21.67%	14.99%	15.51%	20.02%

Data Source

Audited Financial Statements

2008	2009	2010	2011	2012	2012
\$ 51,676,949	\$ 50,488,804	\$ 50,087,153	\$ 42,936,134	\$ 42,673,859	\$ 41,024,128
3,088,823	3,081,984	3,112,015	2,695,124	2,612,185	2,822,149
9,520,180	9,374,441	12,810,025	21,894,742	21,449,463	22,102,467
1,814,636	1,845,422	1,839,736	3,364,812	3,351,983	3,683,470
1,061,999	1,948,079	1,256,149	944,747	1,395,806	1,376,629
1,081,573	404,698	305,545	285,881	321,140	300,305
6,165,959	1,000,000	-	-	-	-
425,003	683,590	670,400	291,996	164,057	193,596
<b>74,835,122</b>	<b>68,827,018</b>	<b>70,081,023</b>	<b>72,413,436</b>	<b>71,968,493</b>	<b>71,502,744</b>
 10,747,502	 8,507,772	 7,713,816	 6,296,980	 5,448,017	 5,532,910
31,524,578	31,678,221	33,638,662	36,499,775	36,627,642	37,149,960
8,652,609	8,370,752	8,250,868	5,870,884	5,857,645	6,228,622
17,188,453	1,504,577	6,828,477	5,776,274	7,999,863	5,914,067
5,495,697	15,945,994	9,139,690	24,177,056	7,816,121	10,091,641
 14,250,146	 12,649,263	 5,493,745	 5,708,490	 6,403,904	 6,346,812
3,657,597	3,964,551	4,341,907	5,082,194	4,768,086	4,385,759
 -	 294,487	 -	 160,195	 91,906	 8,303
<b>91,516,582</b>	<b>82,915,617</b>	<b>75,407,165</b>	<b>89,571,848</b>	<b>75,013,184</b>	<b>75,658,074</b>
 (16,681,460)	 (14,088,599)	 (5,326,142)	 (17,158,412)	 (3,044,691)	 (4,155,330)
 -	 33,340,315	 32,158,385	 7,000,000	 -	 -
 -	 -	 -	 850,000	 5,025,000	 -
 -	 152,558	 879,220	 216,155	 -	 -
 -	 -	 -	 -	 -	 -
 -	 (4,678,260)	 (13,950,839)	 (865,438)	 (4,939,073)	 -
 171,738	 88,594	 61,483	 3,172,436	 325,429	 115,692
 -	 -	 65,000	 253,000	 3,609,447	 5,249,753
 -	 (84,456)	 (65,000)	 -	 (3,269,890)	 (4,999,753)
 <b>171,738</b>	 <b>28,818,751</b>	 <b>19,148,249</b>	 <b>10,626,153</b>	 <b>750,913</b>	 <b>365,692</b>
 \$ (16,509,722)	 \$ 14,730,152	 \$ 13,822,107	 \$ (6,532,259)	 \$ (2,293,778)	 \$ (3,789,638)

19.86%

23.63%

14.43%

14.89%

15.56%

15.06%

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VILLAGE OF PALATINE, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Residential Property	Commercial Property	Industrial, Farm and Railroad Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2003	\$ 963,534,181	\$ 345,997,963	\$ 129,079,407	NA	\$ 1,438,611,551	1.186	\$ 4,315,834,653
2004	1,138,490,510	394,146,124	145,875,016	NA	1,678,511,650	1.084	5,035,534,950
2005	1,264,709,389	393,756,787	156,269,545	NA	1,814,735,721	1.052	5,444,207,163
2006	1,325,694,182	365,482,373	150,517,156	NA	1,841,693,711	1.075	5,525,081,133
2007	1,584,575,451	415,869,885	179,266,208	NA	2,179,711,544	0.950	6,539,134,632
2008	1,737,493,759	403,925,657	187,266,934	NA	2,328,686,350	0.914	6,986,059,050
2009	1,900,562,138	367,743,939	163,729,362	NA	2,432,035,439	0.882	7,296,106,317
2010	1,696,347,388	324,004,088	161,853,695	NA	2,182,205,171	1.022	6,546,615,513
2011	1,563,334,770	278,224,339	145,507,673	NA	1,987,066,782	1.121	5,961,200,346
2012	1,448,021,095	266,901,767	134,160,019	NA	1,849,082,881	1.200	5,547,248,643

NA = Not Available

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

Data Source  
Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

Tax Levy Year	2003	2004	2005	2006
<b>TAX RATES</b>				
Village of Palatine				
Social Security	0.118	0.105	0.106	0.110
IMRF	0.042	0.044	0.057	0.057
Corporate (Police Protection)	0.250	0.229	0.221	0.226
Fire Protection	0.409	0.385	0.370	0.370
Fire Pension	0.058	0.055	0.056	0.064
Police Pension	0.067	0.071	0.061	0.084
Debt Service	0.242	0.195	0.181	0.164
Total Village of Palatine	1.186	1.084	1.052	1.075
School Districts				
Palatine CCSD No. 15	3.313	2.925	2.840	2.673
Junior College No. 512	0.310	0.279	0.281	0.288
Township HSD No. 211	2.165	2.158	2.191	2.261
Park District	0.482	0.437	0.422	0.448
Library District	0.315	0.280	0.271	0.280
County				
County of Cook	0.630	0.593	0.533	0.379
Forest Preserve	0.059	0.060	0.060	0.057
Township				
Palatine Township	0.042	0.038	0.037	0.039
General Assistance	0.009	0.008	0.008	0.009
Road and Bridge	0.078	0.070	0.069	0.072
Other Districts				
Suburban T.B. Sanitarium	0.004	0.001	0.005	0.005
Northwest Mosquito	0.010	0.009	0.009	0.009
Sanitary District	0.361	0.347	0.315	0.284
Elections (ELCO)	0.029	-	0.014	-
<b>TOTAL TAX RATES</b>	<b>8.993</b>	<b>8.289</b>	<b>8.107</b>	<b>7.879</b>
<b>SHARE OF TOTAL TAX LEVIED</b>				
<b>BY THE VILLAGE</b>	<b>13.19%</b>	<b>13.08%</b>	<b>12.98%</b>	<b>13.64%</b>

Data Source

Office of the County Clerk

2007	2008	2009	2010	2011	2012
0.093	0.091	0.087	0.097	0.109	0.122
0.054	0.052	0.054	0.060	0.060	0.065
0.221	0.217	0.216	0.241	0.233	0.267
0.316	0.301	0.215	0.239	0.233	0.267
0.061	0.056	0.085	0.110	0.148	0.163
0.086	0.081	0.112	0.149	0.154	0.163
0.119	0.116	0.113	0.126	0.184	0.153
0.950	0.914	0.882	1.022	1.121	1.200
2.435	2.385	2.307	2.603	2.943	3.269
0.260	0.256	0.258	0.295	0.334	0.373
1.972	1.928	1.916	2.204	2.482	2.772
0.406	0.419	0.408	0.468	0.517	0.574
0.246	0.240	0.229	0.198	0.222	0.248
0.446	0.415	0.394	0.423	0.462	0.594
0.053	0.051	0.049	0.051	0.058	0.062
0.035	0.035	0.034	0.039	0.044	0.049
0.008	0.008	0.008	0.010	0.012	0.014
0.064	0.063	0.061	0.070	0.079	0.082
-	-	-	-	-	-
0.008	0.008	0.008	0.009	0.010	0.011
0.263	0.252	0.261	0.274	0.320	0.370
0.012	-	0.021	-	0.025	-
7.158	6.974	6.836	7.666	8.629	9.618
13.27%	13.11%	12.90%	13.33%	12.99%	12.48%

VILLAGE OF PALATINE, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Levy Year and Nine Levy Years Ago

Taxpayer	Tax Year 2012			Tax Year 2003		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
McCaffery Interests	\$ 13,505,909	1	0.69%	NA	NA	NA
Weber Stephen Products	12,452,232	2	0.64%	NA	NA	NA
Renaissance Residential	12,056,643	3	0.62%	NA	NA	NA
Wal Mart Prop Tax Dept	11,978,195	4	0.61%	NA	NA	NA
Bourbon Square Apartments	11,438,998	5	0.59%	NA	NA	NA
Brookind Corporate Tax Dept	9,419,348	6	0.48%	\$ 14,310,298	3	1.00%
Thomson Pts	9,026,171	7	0.46%	NA	NA	NA
Village Park Palatine 300	8,167,778	8	0.42%	13,035,785	5	0.90%
Arlington Toyota	8,111,882	9	0.42%	NA	NA	NA
Highland Mgmt Pp	6,928,283	10	0.35%	NA	NA	NA
EQR RE Tax Department	NA	NA	NA	21,797,091	1	1.50%
Concord Mills Estates	NA	NA	NA	16,498,553	2	1.10%
Ecke LLC	NA	NA	NA	14,013,904	4	0.90%
Mid America Park Place	NA	NA	NA	12,049,336	6	0.80%
K-Mart Corporation	NA	NA	NA	10,397,589	7	0.70%
Regency Plaza Partners	NA	NA	NA	9,808,848	8	0.70%
Runaway Bay Ltd Partnership	NA	NA	NA	9,686,428	9	0.60%
Square D Company	NA	NA	NA	9,316,848	10	0.60%
	<u>\$ 103,085,439</u>		<u>5.27%</u>	<u>\$ 130,914,680</u>		<u>8.80%</u>

Note:

Every effort has been made to seek out and report the largest taxpaylers. However, many of the taxpaylers 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

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Levy Year	Tax Levied	Collected Within the Fiscal Year of the Levy		Collections (Refunds) in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 17,061,933	\$ 16,377,159	95.99%	\$ 404,761	\$ 16,781,920	98.36%
2004	18,187,861	17,671,039	97.16%	(37,378)	17,633,661	96.95%
2005	19,077,679	18,988,556	99.53%	(403,845)	18,584,711	97.42%
2006	19,798,961	17,473,576	88.26%	1,911,248	19,384,824	97.91%
2007	20,692,509	19,846,267	95.91%	208,786	20,055,053	96.92%
2008	21,282,714	18,913,144	88.87%	2,187,985	21,101,129	99.15%
2009	21,435,198	18,588,397	86.72%	2,849,227	21,437,624	100.01%
2010	22,288,003	21,350,808	95.80%	1,162,055	22,512,863	101.01%
2011	22,266,256	21,834,784	98.06%	575,060	22,409,844	100.64%
2012	22,185,405	21,661,897	97.64%	-	21,661,897	97.64%

Data Source

Office of the County Treasurer

VILLAGE OF PALATINE, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities					Business- Type Activities		Percent		
	General Obligation Bonds	TIF Revenue Bonds	Tax Increment Notes	Installment Contracts	General Obligation Bonds	Total Primary Government	of Personal Income*	Per Capita*		
2004	\$ 68,701,360	\$ 22,760,000	\$ 480,000	\$ -	\$ 10,919,926	\$ 102,861,286	4.77%	\$ 1,462		
2005	65,270,470	16,280,000	480,000	166,164	10,365,397	92,562,031	4.54%	1,393		
2006	60,634,279	15,570,000	4,328,540	83,574	9,781,440	90,397,833	4.42%	1,356		
2007	73,762,343	14,570,000	2,482,557	-	10,736,104	101,551,004	4.97%	1,525		
2008	59,846,334	13,550,000	1,488,420	-	19,363,370	94,248,124	4.29%	1,315		
2009	83,303,077	5,995,000	148,548	-	21,349,916	110,796,541	5.19%	1,590		
2010	96,605,992	-	137,983	-	20,051,477	116,795,452	4.74%	1,704		
2011	98,342,273	-	122,402	-	18,892,992	117,357,667	4.79%	1,722		
2012	91,969,327	-	116,859	-	17,526,482	109,612,668	4.45%	1,599		
2013	85,483,105	-	111,664	-	16,479,732	102,074,501	4.14%	1,489		

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

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

Data Source

Audited Financial Statements

VILLAGE OF PALATINE, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year Ended	General Obligation Bonds		Less: Amounts		Total Primary Government	Percent of Estimated Actual Taxable	
	Governmental Activities	Business- Type Activities	Available in Debt	Service Fund		Value of Property*	Per Capita*
2003	\$ 68,701,360	\$ 10,919,926	\$ 1,886,525	\$ 77,734,761	1.80%	\$ 1,179	
2004	65,270,470	10,365,397	2,072,121	73,563,746	1.46%	1,116	
2005	60,634,279	9,781,440	2,279,983	68,135,736	1.25%	1,034	
2006	73,762,343	10,736,104	2,058,307	82,440,140	1.49%	1,251	
2007	59,846,334	19,363,370	2,340,846	76,868,858	1.18%	1,166	
2008	83,303,077	21,349,916	2,190,803	102,462,190	1.47%	1,554	
2009	96,605,992	20,051,477	2,685,963	113,971,506	1.56%	1,662	
2010	98,342,273	18,892,992	2,584,143	114,651,122	1.74%	1,664	
2011	91,969,327	17,526,482	2,122,279	107,373,530	1.80%	1,566	
2012	85,483,105	16,479,732	2,192,428	99,770,409	1.67%	1,455	

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

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

Data Source

Audited Financial Statements

VILLAGE OF PALATINE, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2013

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Governmental Unit	Gross Debt	Percentage Debt Applicable to the Village of Palatine (1)	Village of Palatine Share of Debt
Village of Palatine	\$ 101,962,837	100.00%	\$ 101,962,837
<b>School Districts</b>			
Palatine Community District No. 15	45,375,000	51.20%	23,232,000
Township High School District No. 211	24,970,000	24.23%	6,050,231
Township High School District No. 214	67,105,000	0.02%	13,421
Community College District No. 512	182,990,000	9.63%	17,621,937
Total school districts	<u>320,440,000</u>		<u>46,917,589</u>
<b>Other than schools</b>			
Cook County	3,706,435,000	1.31%	48,554,299
Cook County Forest Preserve District	131,500,000	1.31%	1,722,650
Metropolitan Water Reclamation District	2,492,761,543	1.33%	33,153,729
<b>Park Districts</b>			
Arlington Heights Park District	20,522,121	0.06%	12,313
Palatine Park District	19,885,000	77.30%	15,371,105
Salt Creek Park District	4,383,000	53.09%	2,326,935
Total other than schools	<u>6,375,486,664</u>		<u>101,141,031</u>
<b>Total Overlapping Governmental Activities Debt</b>			
	<u>6,695,926,664</u>		<u>148,058,620</u>
<b>Total Direct and Overlapping Governmental Activities Debt</b>			
	<u>\$ 6,797,889,501</u>		<u>\$ 250,021,457</u>

(1) Determined by ratio of assessed valuation of property subject to taxation in the Village to valuation of property subject to taxation in overlapping unit. The 2012 EAV is the most current available.

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

December 31, 2013

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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
2004	65,920	\$ 2,021,173,120	\$ 30,661	4.9%
2005	65,920	2,021,173,120	30,661	4.5%
2006	65,920	2,021,173,120	30,661	3.3%
2007	65,920	2,021,173,120	30,661	3.8%
2008	65,920	2,021,173,120	30,661	4.9%
2009	65,920	2,021,173,120	30,661	8.3%
2010	68,557	2,463,595,795	35,935	8.5%
2011	68,557	2,463,595,795	35,935	7.9%
2012	68,557	2,463,595,795	35,935	7.0%
2013	68,557	2,463,595,795	35,935	7.0%

Data Source

US Census Bureau

Illinois Department of Employment Security

VILLAGE OF PALATINE, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2013			2004		
	Rank	Approx. No. of Employees	Percentage of Total Village Population	Rank	Approx. No. of Employees	Percentage of Total Village Population
Palatine School District 15	1	2,200	3.21%	3	1,200	1.83%
Township School District 211	2	2,057	3.00%	4	927	1.49%
United Parcel Service	3	1,000	1.46%	1	2,000	3.05%
United States Postal Service	4	1,000	1.46%	2	1,900	3.05%
Community College District 512	5	980	1.43%	5	812	1.22%
Intec Group, Inc.	6	425	0.62%	10	150	0.20%
Schneider Electric - Square D	7	355	0.52%	6	410	0.57%
Village of Palatine	8	355	0.52%	7	376	0.57%
Weber-Stephen Products	9	200	0.29%	8	225	0.24%
Arlington Plating	10	110	0.16%	9	160	0.24%

Data Source  
Village Records

VILLAGE OF PALATINE, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>GENERAL GOVERNMENT</b>										
Village Clerk	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Village Manager	8.0	7.5	7.0	7.0	7.0	6.0	6.0	6.0	6.0	6.0
Finance and Operations	16.0	16.0	17.0	17.0	17.0	17.0	15.0	13.0	12.0	12.0
Legal	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Human Resources	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	2.5	2.5
Information systems	7.5	8.0	8.0	8.5	8.5	10.0	9.5	7.0	7.0	7.0
Planning and Zoning	4.5	5.5	5.0	5.0	5.0	5.0	4.5	4.5	4.5	4.5
<b>PUBLIC SAFETY</b>										
Community services	18.0	19.0	19.0	20.0	21.0	19.5	16.5	14.5	15.5	15.0
Police										
Sworn personnel	106.0	107.0	109.0	110.0	112.0	112.0	111.0	110.0	109.0	109.0
Civilians	32.0	31.0	31.0	31.0	31.0	31.0	31.0	31.5	31.5	31.5
Fire										
Sworn personnel	95.0	95.0	95.0	95.0	95.0	95.0	93.0	92.0	91.0	91.0
Civilians	9.5	11.0	11.0	11.0	11.0	11.0	10.5	9.5	9.5	9.5
<b>PUBLIC WORKS</b>										
Engineering	6.5	6.5	6.5	6.5	7.0	6.5	7.0	6.0	5.0	5.0
Public Works	59.0	57.5	58.5	58.5	60.0	60.0	59.0	59.5	59.5	59.5

Data Source

Village Records

VILLAGE OF PALATINE, ILLINOIS

OPERATING INDICATORS AND CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

OPERATING INDICATORS										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>PUBLIC SAFETY</b>										
Police										
Physical arrests	4,087	6,758	NA	2,417	2,162	2,308	2,224	1,657	1,506	1,475
Parking violations	13,766	7,274	NA	631	7,388	7,315	6,908	6,264	4,364	4,754
Traffic violations	10,264	19,199	NA	5,415	2,214	11,473	11,616	10,680	9,928	9,933
Fire										
Emergency responses	6,277	6,568	6,891	7,401	7,257	7,020	7,233	7,510	7,680	7,770
<b>PUBLIC WORKS</b>										
Water										
Number of connections	17,500	17,500	17,500	19,597	19,464	19,658	19,644	19,473	19,481	19,584
Avg daily consumption	7.09M	7.68M	6.77M	7.02M	6.71M	6.44M	6.44M	6.47M	6.93M	6.57M
CAPITAL ASSET STATISTICS										
	2004	2005	2006	2007*	2008	2009	2010	2011	2012	2013
<b>PUBLIC SAFETY</b>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	22	28	29	32	26	25	25	28	28	28
Fire										
Fire stations	5	5	5	5	5	5	5	5	5	5
Fire engines	7	7	7	5	7	7	7	7	7	7
<b>PUBLIC WORKS</b>										
Streets and highways										
Streets (miles)	160	160	160	160	160	160	160	160	160	160
Number of bridges	6	6	6	6	6	6	6	6	6	6
Waterworks										
Water mains (miles)	200	200	200	140	140	156	156	156	156	156
Fire hydrants	2,500	3,200	NA	2,050	2,050	2,060	2,060	2,060	2,060	2,060
Sewerage										
Sanitary sewers (miles)	200	200	200	145	145	145	145	145	145	145
Storm sewers (miles)	220	220	220	220	221	225	225	225	225	225

\* Restated GASB values.

Data Source

Village Records

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



VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12  
STATEMENT OF INDEBTEDNESS  
December 31, 2013

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	As Percent of		Per Capita	
	Estimated		( 2010 Special	
	Assessed Amount	True Value	Census Pop. 68,557)	
<b>Taxable real property, 2012</b>				
Assessed valuation	\$ 1,849,082,881	100.00%	33.33%	\$ 26,971
Estimated true value	5,547,248,643	300.00%	100.00%	80,914
 Total general obligation bonded debt (1):	101,962,837	5.51%	1.84%	1,487
Less: Self-Supporting	(64,417,957)	-3.48%	-1.16%	(940)
 Net general obligation bonded debt	<u>37,544,880</u>	<u>2.03%</u>	<u>0.68%</u>	<u>548</u>
 Overlapping bonded debt payable from property taxes (2):				
Schools	46,917,589	2.54%	0.85%	684
Other than schools	101,141,031	5.47%	1.82%	1,475
 Total overlapping bonded debt	<u>148,058,620</u>	<u>8.01%</u>	<u>2.67%</u>	<u>2,160</u>
 Total net direct and overlapping bonded debt	<u>\$ 185,603,500</u>	<u>10.04%</u>	<u>3.35%</u>	<u>\$ 2,707</u>

**Notes:**

**(1)** The Village is a home-rule unit under the 1970 Illinois Constitution and as such has no debt limit nor is it required to seek referendum approval for the issuance of general obligation debt. See "Retirement Schedule of Outstanding Village General Obligation Debt" for a listing of the Village's non-general obligation debt and currently outstanding general obligation debt. Of the Village's general obligation debt \$70,503,173 or 64.5% is considered self-supporting.

**(2)** Overlapping bonded debt as of June 2013.

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12  
RETIREMENT SCHEDULE OF OUTSTANDING VILLAGE GENERAL OBLIGATION DEBT  
December 31, 2013

Due 12/1	Principal Maturities (1)						Series (4 Issues)
	Series 1989 (3)	Series 2004 (2 Issues)	Series 2007 (5 Issues)	Series 2008 (1 Issue)	Series 2009 (7 Issues)		
	Series	2004	2007	2008	2009		
2014	\$ 1,695,000	\$ 535,000	\$ 1,160,000	\$ 175,000	\$ 1,195,000	\$ 2,850,000	
2015	2,793,766	580,000	1,305,000	185,000	1,610,000	3,710,000	
2016	1,614,071	575,000	1,360,000	195,000	980,000	2,340,000	
2017	-	620,000	1,485,000	205,000	1,780,000	565,000	
2018	-	635,000	1,195,000	215,000	2,225,000	590,000	
2019	-	650,000	1,255,000	225,000	2,410,000	615,000	
2020	-	690,000	1,315,000	235,000	2,465,000	650,000	
2021	-	-	1,390,000	250,000	3,285,000	675,000	
2022	-	-	1,345,000	260,000	3,455,000	705,000	
2023	-	-	700,000	275,000	1,930,000	-	
2024	-	-	740,000	290,000	2,000,000	725,000	
2025	-	-	780,000	305,000	2,095,000	735,000	
2026	-	-	820,000	320,000	780,000	1,275,000	
2027	-	-	-	340,000	805,000	1,325,000	
2028	-	-	-	355,000	860,000	1,340,000	
2029	-	-	-	-	890,000	1,400,000	
2030	-	-	-	-	-	2,200,000	
2031	-	-	-	-	-	2,300,000	
2032	-	-	-	-	-	2,400,000	
2033	-	-	-	-	-	2,500,000	
2034	-	-	-	-	-	2,600,000	
	<b>\$ 6,102,837</b>	<b>\$ 4,285,000</b>	<b>\$ 14,850,000</b>	<b>\$ 3,830,000</b>	<b>\$ 28,765,000</b>	<b>\$ 31,500,000</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. This table excludes \$5,895,000 outstanding principal on Special Service Area Bonds (shown as overlapping debt), which are secured by a separate levy on property within the Special Service Area; \$116,859 outstanding principal on Tax Increment Financing Bonds and notes secured only by the incremental revenues generated by the district; and various industrial revenue bonds which are fully secured by payments from the benefitting entities. This table also excludes the Village's obligations as a member of the Solid Waste agency of Northern Cook County (SWANCC), a municipal joint action agency created to construct and equip a waste project to dispose of the municipal waste of its members.

**(2)** The Village has chosen to fund certain projects with general obligation bonds and abate the taxes thereon from other sources. Of the Village's \$101,962,837 outstanding principal at December 31, 2013, the Village estimates that \$64,417,957 (63.2%) is self-supporting from non-property tax sources.

**(3)** The Series 1989 are capital appreciation bonds due January 1, 2014-2016.

Data Source

Village Records

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Series 2011 (2 Issues)	Series 2012 (1 Issue)	Total Maturities (2)	
		Amount	%
\$ 650,000	\$ 505,000	\$ 8,765,000	8.6%
200,000	510,000	10,893,766	10.7%
1,000,000	515,000	8,579,071	8.4%
1,050,000	525,000	6,230,000	6.1%
900,000	540,000	6,300,000	6.2%
900,000	555,000	6,610,000	6.5%
900,000	570,000	6,825,000	6.7%
1,000,000	595,000	7,195,000	7.1%
1,000,000	615,000	7,380,000	7.2%
100,000	-	3,005,000	2.9%
-	-	3,755,000	3.7%
-	-	3,915,000	3.8%
-	-	3,195,000	3.1%
-	-	2,470,000	2.4%
-	-	2,555,000	2.5%
-	-	2,290,000	2.2%
-	-	2,200,000	2.2%
-	-	2,300,000	2.3%
-	-	2,400,000	2.4%
-	-	2,500,000	2.5%
-	-	2,600,000	2.5%
\$ 7,700,000	\$ 4,930,000	\$ 101,962,837	100.0%

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12  
BONDED DEBT RATIOS AND PER CAPITA DEBT - LAST TEN GENERAL OBLIGATION BOND SALES  
December 31, 2013

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Village Issue		Ratio to Estimated Actual Value						Per Capita		
		Direct Debt			Overlapping Debt			Direct and Overlapping Debt		
		Including Self-Supporting	Excluding Self-Supporting (1)	Including Self-Supporting (1)	Excluding Self-Supporting (1)	Including Self-Supporting	Excluding Self-Supporting (1)	Population Estimate		
Sale Date	Amount									
December 6, 2004 (3)	\$ 8,295,000	1.70%	0.56%	4.33%	3.19%	\$ 2,962	\$ 2,183	65,920		
May 30, 2007	20,320,000	1.52%	0.27%	3.65%	2.39%	3,211	2,108	65,920		
December 1, 2008	4,585,000	1.32%	0.20%	3.06%	1.94%	3,034	1,924	65,920		
April 13, 2009	9,190,000	1.35%	0.26%	3.09%	2.00%	3,067	1,984	65,920		
June 15, 2009	9,545,000	1.50%	0.41%	3.24%	2.15%	3,212	2,129	65,920		
September 15, 2009 (2)	16,600,000	1.65%	0.31%	3.52%	2.18%	3,496	2,166	65,920		
May 26, 2010 (2)	19,870,000	1.45%	0.27%	3.18%	2.00%	3,360	2,117	65,920		
August 9, 2010 (2)	19,745,000	1.69%	0.52%	3.41%	2.24%	3,619	2,375	65,920		
June 20, 2011 (3)	7,850,000	1.64%	0.61%	3.47%	2.44%	3,844	2,701	65,920		
December 3, 2012 (2)	5,025,000	1.89%	0.71%	4.17%	2.99%	4,243	2,597	68,557		

**Notes:**

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

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

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

Data Source

Official Statements

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12  
DETAILED OVERLAPPING BONDED INDEBTEDNESS PAYABLE FROM PROPERTY TAXES  
December 31, 2013

Governmental Unit	Percent of Village's Real Property in Taxing Body	Gross Debt (1)	Percent of Debt Applicable to the Village of Palatine (2)	Village of Palatine Share of Debt
<b>School Districts</b>				
Palatine Community District No. 15	100.0%	\$ 45,375,000	51.2%	\$ 23,232,000
Township High School District No. 211	99.9%	24,970,000	24.2%	6,050,231
Township High School District No. 214	0.1%	67,105,000	0.0%	13,421
Community College District No. 512	100.0%	<u>182,990,000</u>	9.6%	<u>17,621,937</u>
<b>Total school districts</b>		<u>320,440,000</u>		<u>46,917,589</u>
<b>Other than schools</b>				
Cook County	100.0%	3,706,435,000	1.3%	48,554,299
Cook County Forest Preserve District	100.0%	131,500,000	1.3%	1,722,650
Metropolitan Water Reclamation District	100.0%	2,492,761,543	1.3%	33,153,729
<b>Park Districts</b>				
Arlington Heights Park District	0.1%	20,522,121	0.1%	12,313
Palatine Park District	94.2%	19,885,000	77.3%	15,371,105
Salt Creek Park District	5.7%	<u>4,383,000</u>	53.1%	<u>2,326,935</u>
<b>Total other than schools</b>		<u>6,375,486,664</u>		<u>101,141,031</u>
<b>Total Overlapping Governmental Activities Debt</b>		<u>\$ 6,695,926,664</u>		<u>\$ 148,058,620</u>

**Notes:**

(1) As of June 2013.

(2) Overlapping debt percentages based on 2012 EAV, the most current available.

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12  
EQUALIZED ASSESSED VALUATION FOR TAXING PURPOSES  
December 31, 2013

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Levy Year	Net for General Taxing Purposes	Plus Incremental Valuation	Total For All Taxing Purposes (1)	Increase Over Prior Year
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)	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%
2010 (2)	2,182,205,171	155,066,131	2,337,271,302	-10.2%
2011	1,987,066,782	213,010,709	2,200,077,491	-5.9%
2012	1,849,082,881	104,823,912	1,953,906,793	-11.2%

**Notes:**

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

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

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

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12  
TAX RATES PER \$100 EQUALIZED ASSESSED VALUATION  
December 31, 2013

Tax Levy Year	2008	2009	2010	2011	2012
<b>TAX RATES</b>					
Village of Palatine (1)					
Social Security	\$ 0.091	\$ 0.087	\$ 0.097	\$ 0.109	\$ 0.122
IMRF	0.052	0.054	0.060	0.060	0.065
Corporate (Police Protection)	0.217	0.216	0.241	0.233	0.267
Fire Protection	0.301	0.215	0.239	0.233	0.267
Fire Pension	0.056	0.085	0.110	0.148	0.163
Police Pension	0.081	0.112	0.149	0.154	0.163
Debt Service	0.116	0.113	0.126	0.184	0.153
Total Village of Palatine	0.914	0.882	1.022	1.121	1.200
School Districts					
Palatine CCSD No. 15	2.385	2.307	2.603	2.943	3.269
Junior College No. 512	0.256	0.258	0.295	0.334	0.373
Township HSD No. 211	1.928	1.916	2.204	2.482	2.772
Park District	0.419	0.408	0.468	0.517	0.574
Library District	0.240	0.229	0.198	0.222	0.248
County					
County of Cook	0.415	0.394	0.423	0.462	0.594
Forest Preserve	0.051	0.049	0.051	0.058	0.062
Township					
Palatine Township	0.035	0.034	0.039	0.044	0.049
General Assistance	0.008	0.008	0.010	0.012	0.014
Road and Bridge	0.063	0.061	0.070	0.079	0.082
Other Districts					
Northwest Mosquito	0.008	0.008	0.009	0.010	0.011
Sanitary District	0.252	0.261	0.274	0.320	0.370
Elections (ELCO)	-	0.021	-	0.025	-
<b>TOTAL TAX RATE (2)</b>	<b>\$ 6.974</b>	<b>\$ 6.836</b>	<b>\$ 7.666</b>	<b>\$ 8.629</b>	<b>\$ 9.618</b>
<b>SHARE OF TOTAL TAX LEVIED BY THE VILLAGE</b>					
	13.11%	12.90%	13.33%	12.99%	12.48%

**Notes:**

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

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

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12  
TAX EXTENSIONS AND COLLECTIONS  
December 31, 2013

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Levy Year	Tax Levied	Collected Within the Fiscal Year of the Levy		Collections (Refunds) in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 17,061,933	\$ 16,377,159	95.99%	\$ 404,761	\$ 16,781,920	98.36%
2004	18,187,861	17,671,039	97.16%	(37,378)	17,633,661	96.95%
2005	19,077,679	18,988,556	99.53%	(403,845)	18,584,711	97.42%
2006	19,798,961	17,473,576	88.26%	1,911,248	19,384,824	97.91%
2007	20,692,509	19,846,267	95.91%	208,786	20,055,053	96.92%
2008	21,282,714	18,913,144	88.87%	2,187,985	21,101,129	99.15%
2009	21,435,198	18,588,397	86.72%	2,849,227	21,437,624	100.01%
2010	22,288,003	21,350,808	95.80%	1,162,055	22,512,863	101.01%
2011	22,266,256	21,834,784	98.06%	575,060	22,409,844	100.64%
2012	22,185,405	21,661,897	97.64%	-	21,661,897	97.64%

**Note:**

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

Data Source

Office of the County Treasurer

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12  
TAX BASE DISTRIBUTION BY PROPERTY CLASSIFICATION  
December 31, 2013

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Property Classification (1)	2008	2009	2010	2011	2012
Residential	\$ 1,737,493,759	\$ 1,900,562,138	\$ 1,696,347,388	\$ 1,563,334,770	\$ 1,448,021,095
Commercial	403,925,657	367,743,939	324,004,088	278,224,339	266,901,767
Industrial/Railroad/Farm	187,266,934	163,729,362	161,853,695	145,507,673	134,160,019
Net for General Taxing Purposes	2,328,686,350	2,432,035,439	2,182,205,171	1,987,066,782	1,849,082,881
Incremental Valuation (2)	<u>194,197,517</u>	<u>171,135,223</u>	<u>155,066,131</u>	<u>213,010,709</u>	<u>104,823,912</u>
Total for all Taxing Purposes	<u>\$ 2,522,883,867</u>	<u>\$ 2,603,170,662</u>	<u>\$ 2,337,271,302</u>	<u>\$ 2,200,077,491</u>	<u>\$ 1,953,906,793</u>
Percentage Increase	1.9%	19.3%	7.2%	3.2%	-10.2%

**Notes:**

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

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

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12  
TEN LARGEST TAXPAYERS  
December 31, 2013

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Taxpayer			Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
McCaffery Interests	Commercial Real Estate	\$	13,505,909	1	0.69%
Weber Stephen Products	Corporate Headquarters		12,452,232	2	0.64%
Renaissance Residential	Apartments		12,056,643	3	0.62%
Wal Mart Prop Tax Dept	Retail Store		11,978,195	4	0.61%
Bourbon Square Apartments	Apartments		11,438,998	5	0.59%
Brookind Corporate Tax Dept	United Parcel Service		9,419,348	6	0.48%
Thomson Pts	Commercial Real Estate		9,026,171	7	0.46%
Village Park Palatine 300	Apartments		8,167,778	8	0.42%
Arlington Toyota	Automobile Dealership		8,111,882	9	0.42%
Highland Mgmt Pp	Commercial Real Estate		6,928,283	10	0.35%
		\$ 103,085,439			5.27%

**Note:**

Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked. The 2012 is the most current available.

[Data Source](#)

Office of the County Treasurer

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12  
GENERAL FUND  
December 31, 2013

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

***(Fiscal Year Ending December 31, 2009 - 2013))***

	2009	2010	2011	2012	2013	CY 2014 Budget (2)
<b>REVENUES</b>						
Taxes	\$ 31,796,000	\$ 33,226,384	\$ 26,009,684	\$ 25,588,613	\$ 26,061,334	\$ 25,721,650
Licenses and permits	3,081,984	3,112,015	2,695,124	2,612,185	2,822,149	2,620,000
Intergovernmental	6,750,546	6,675,206	16,891,419	17,742,034	18,176,446	18,020,445
Charges for services	1,812,561	1,768,925	3,106,138	3,075,790	3,380,429	3,615,850
Fines and forfeits	1,856,800	1,239,105	922,119	1,361,163	1,336,226	1,316,900
Investment income	307,689	248,896	250,177	260,139	257,429	250,000
Miscellaneous	354,154	378,982	285,258	139,661	152,334	314,850
Sale of capital assets	-	-	1,115,680	-	-	-
Transfers	-	65,000	253,000	-	-	-
<b>Total revenues</b>	<b>45,959,734</b>	<b>46,714,513</b>	<b>51,528,599</b>	<b>50,779,585</b>	<b>52,186,347</b>	<b>51,859,695</b>
<b>EXPENDITURES</b>						
General government	8,507,772	7,713,816	6,296,980	5,448,017	5,532,910	7,136,490
Public safety	31,678,221	33,445,430	36,211,371	36,298,800	36,975,266	38,145,260
Public works	6,360,644	6,290,597	5,865,054	5,850,899	6,228,622	6,568,405
Transfers	84,456	-	-	1,269,890	1,848,000	-
<b>Total expenditures</b>	<b>46,631,093</b>	<b>47,449,843</b>	<b>48,373,405</b>	<b>48,867,606</b>	<b>50,584,798</b>	<b>51,850,155</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>						
OVER EXPENDITURES	(671,359)	(735,330)	3,155,194	1,911,979	1,601,549	<u>\$ 9,540</u>
<b>FUND BALANCE, JANUARY 1</b>	<b>16,896,637</b>	<b>16,225,278</b>	<b>15,489,948</b>	<b>18,645,142</b>	<b>20,557,121</b>	
<b>FUND BALANCE, DECEMBER 31</b>	<b>\$ 16,225,278</b>	<b>\$ 15,489,948</b>	<b>\$ 18,645,142</b>	<b>\$ 20,557,121</b>	<b>\$ 22,158,670</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.

Data Source

Village Records

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12  
GENERAL FUND  
December 31, 2013

*Balance Sheet (1)*  
*(December 31, 2009 - 2013)*

	2009	2010	2011	2012	2013
<b>ASSETS</b>					
Cash and investments	\$ 8,684,369	\$ 3,642,204	\$ 8,086,602	\$ 11,790,228	\$ 14,703,048
<b>Receivables</b>					
Property taxes	19,008,383	21,569,355	18,680,223	19,240,191	19,344,267
Other	492,897	498,339	642,072	665,701	670,240
Due from other governments	3,433,752	4,871,654	4,817,793	3,967,741	3,623,068
Accrued interest	-	-	-	4,255	1,105
Due from other funds	5,855,238	6,022,920	6,310,506	5,796,201	5,296,452
Prepaid items	116,643	-	-	-	-
All other assets	3,445	2,610	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 37,594,727</b>	<b>\$ 36,607,082</b>	<b>\$ 38,537,196</b>	<b>\$ 41,464,317</b>	<b>\$ 43,638,180</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	344,057	205,776	230,321	311,396	408,168
Deferred revenues	18,494,720	19,339,080	18,419,595	19,151,250	19,225,850
All other liabilities	2,530,672	1,572,278	1,242,138	1,444,550	1,845,492
<b>TOTAL LIABILITIES</b>	<b>21,369,449</b>	<b>21,117,134</b>	<b>19,892,054</b>	<b>20,907,196</b>	<b>21,479,510</b>
<b>FUND BALANCE</b>					
Reserved	5,898,008	6,025,530	-	-	-
Unreserved	10,327,270	9,464,418	-	-	-
Nonspendable	-	-	6,267,920	5,772,920	5,277,920
Unassigned	-	-	12,377,222	14,784,201	16,880,750
<b>TOTAL FUND BALANCE</b>	<b>16,225,278</b>	<b>15,489,948</b>	<b>18,645,142</b>	<b>20,557,121</b>	<b>22,158,670</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 37,594,727</b>	<b>\$ 36,607,082</b>	<b>\$ 38,537,196</b>	<b>\$ 41,464,317</b>	<b>\$ 43,638,180</b>

**Note:**

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

Data Source

Village Records

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12  
COMBINED STATEMENT - ALL FUNDS (1)  
December 31, 2013

	<i>Fund Balances/Net Position</i>				
	2009	2010	2011	2012	2013
<b>Governmental Fund Types</b>					
General	\$ 16,506,028	\$ 15,770,698	\$ 18,925,892	\$ 20,837,871	\$ 22,158,670
Special Revenue	25,798,256	27,539,398	31,085,574	26,930,968	19,160,526
Debt Service	6,861,017	6,960,461	2,584,143	2,424,978	2,192,428
Capital Projects	9,946,841	22,663,692	13,806,381	14,022,974	16,344,093
	<u>59,112,142</u>	<u>72,934,249</u>	<u>66,401,990</u>	<u>64,216,791</u>	<u>59,855,717</u>
<b>Proprietary Fund Types</b>					
Enterprise Funds	50,539,772	51,388,218	52,919,485	55,269,327	59,059,420
Internal Service Funds	5,464,253	5,993,247	6,423,340	5,770,827	6,076,586
	<u>56,004,025</u>	<u>57,381,465</u>	<u>59,342,825</u>	<u>61,040,154</u>	<u>65,136,006</u>
<b>Fiduciary Fund Types (2):</b>					
Pension Trust	75,994,551	85,077,541	90,307,659	99,838,988	114,281,101
<b>Total All Funds (Memo Only)</b>	<b>\$ 191,110,718</b>	<b>\$ 215,393,255</b>	<b>\$ 216,052,474</b>	<b>\$ 225,095,933</b>	<b>\$ 239,272,824</b>

	<i>Cash and Investments</i>				
	2009	2010	2011	2012	2013
<b>Fund</b>					
General	\$ 8,684,369	\$ 3,642,204	\$ 8,086,602	\$ 11,790,228	\$ 14,703,048
Special Revenue	9,092,889	5,750,145	10,473,718	8,935,962	7,467,647
Debt Service	6,764,193	6,616,983	2,534,147	2,410,097	2,177,269
Capital Projects	9,999,921	23,714,633	16,140,765	14,463,602	15,966,430
Enterprise Funds	5,781,482	6,978,001	9,730,991	11,671,448	13,381,572
Internal Service Funds	6,270,014	6,864,246	7,255,691	7,402,263	8,081,736
Pension Trust	75,760,213	84,351,732	89,928,459	99,608,926	113,985,629
<b>Total All Funds (Memo Only)</b>	<b>\$ 122,353,081</b>	<b>\$ 137,917,944</b>	<b>\$ 144,150,373</b>	<b>\$ 156,282,526</b>	<b>\$ 175,763,331</b>

**Notes:**

(1) These condensed financial statements for the years ending December 31, 2009 - 2013, 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, 2013, included an unqualified "Report of Independent Auditors". Similar unqualified opinions were included in the Village's CAFRs for the fiscal years ended December 31, 2009 - 2013. 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, 2013, and the results of operations and cash flows of its proprietary and similar trust fund types for the year then ended in conformity with generally accepted accounting principles.

(2) Excludes the Village's Agency Funds.

Data Source

Village Records

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12  
 CAPITAL ASSETS  
 December 31, 2013

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	Governmental Activities	Business Type Activities
Land	\$ 11,608,400	\$ 4,858,690
Land - Rights of way	139,806,925	-
Machinery & equipment	9,481,190	2,450,695
Buildings & improvements	38,832,850	23,218,430
Streets	27,181,270	-
Bridges	1,596,735	-
Sanitary sewer system	-	25,048,845
Storm sewer system	-	34,015,975
Water system	-	17,577,895
	228,507,370	107,170,530
Less: Accumulated depreciation	29,905,795	57,129,785
Net investment in capital assets	<u>\$ 198,601,575</u>	<u>\$ 50,040,745</u>

Data Source

Village Records