

VILLAGE OF PALATINE, ILLINOIS



COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED DECEMBER 31, 2014

VILLAGE OF PALATINE, ILLINOIS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**For the Year Ended
December 31, 2014**

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, 2014

MAYOR

Jim Schwantz

VILLAGE COUNCIL

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

VILLAGE CLERK

Margaret Duer

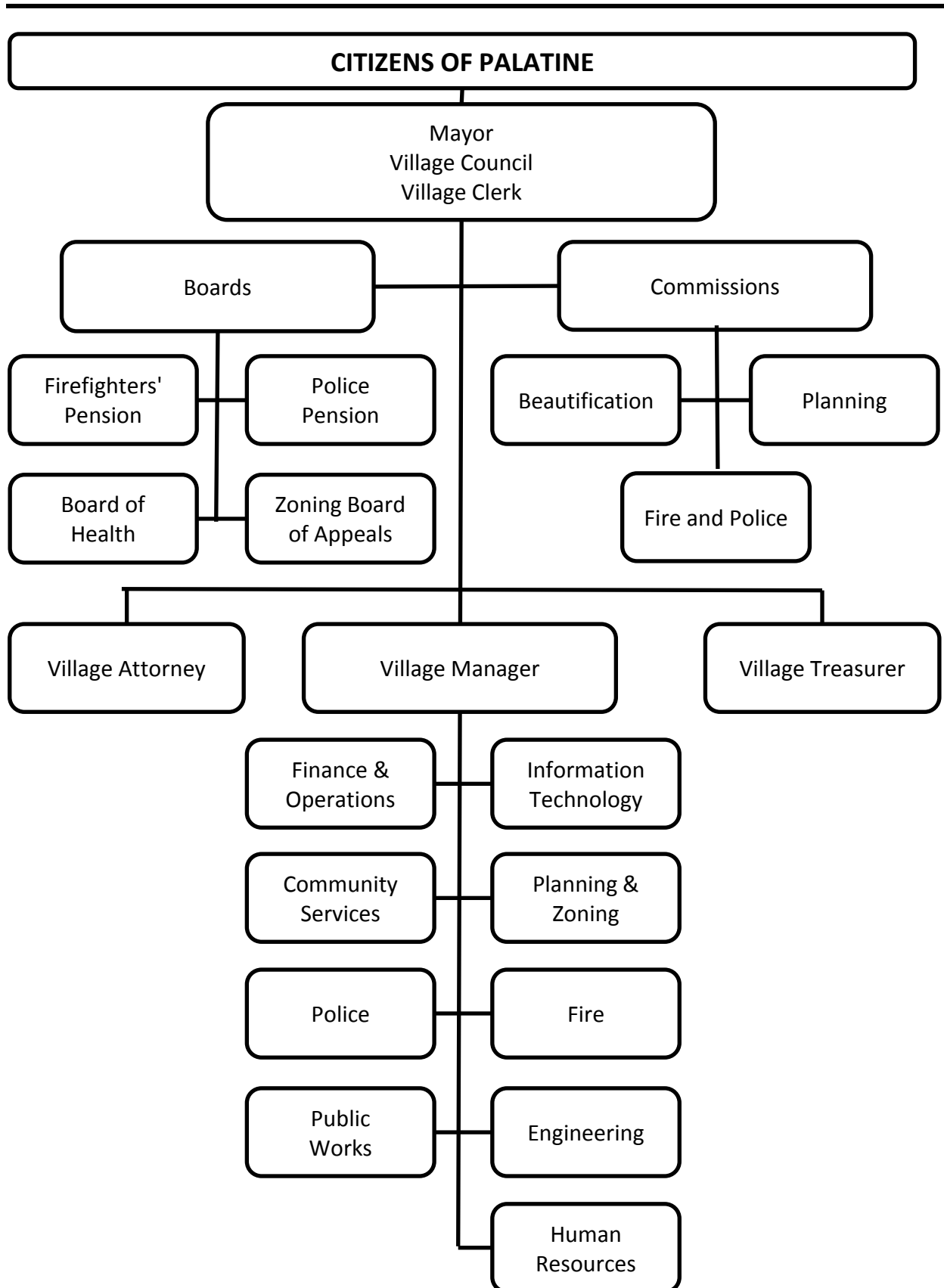
ADMINISTRATIVE

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

VILLAGE OF PALATINE, ILLINOIS

ORGANIZATION CHART

December 31, 2014





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, 2013



Executive Director/CEO

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DEPARTMENT OF FINANCE & OPERATIONS

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June 4, 2015

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, 2014.

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, 2014, 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, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

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

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

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

The Village of Palatine has adopted sections 5/8-2-9.1, through and including sections 5/8-2-9.10 of Chapter 65 of the Illinois Compiled Statutes providing for an annual municipal budget in lieu of the passage of an annual appropriation ordinance. The annual budget serves as the foundation for the Village's financial planning and control. All departments of the Village are required to submit requests for appropriation to the Village Manager each year. The Village Manager uses these requests as the starting point for developing a proposed budget. The Village Manager then presents this proposed budget to the Mayor and Village Council for review. The Mayor and Council are required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 31, the close of the Village's fiscal year. The appropriated budget is prepared by fund and department. The Village Manager may make transfers of appropriations within a fund. Transfers of appropriations between funds, however, require the special approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, Downtown TIF Fund, Rand Road Corridor Fund, and Village Hall Renovation Fund this comparison is presented on pages 72-75 as part of the basic financial statements for the governmental funds. For governmental funds, other than the major funds, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 90.

Factors Affecting Financial Condition

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

Local economy

There are 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 2014 increased by approximately \$800,000 (6.4%) 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. 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, under construction, or recently approved:

Rand/Dundee Corridor – The redevelopment of the former Applebee's site is well underway. The new multi-tenant building will include a drive-through Starbucks, a Chipotle, a Jersey Mike Subs, and a Menchie's Frozen Yogurt. The Village Council recently approved the redevelopment of the former 84 Lumber site on Rand Road. This project will result in the complete redevelopment of the site with the construction of an Enterprise Car Rental/Sales facility. To support this development, without the need of any direct Village financial assistance, the Village approved an ordinance supporting Enterprise's pursuit of Cook County's recently created 7C Property Tax Classification.

Patrick Hyundai - Following the dealerships opening in December 2013, which reportedly had the most sales for that month of any other Chicagoland Hyundai dealership, the dealership now ranks in the top ten of sales tax generating uses within the Village of Palatine. The dealership continues to pursue additional commercial development for the portion of their site that remains undeveloped.

Tap House Grill – Following several years of marketing the former Mia Cucina restaurant building, the Village entered into a lease with Tap House Grill restaurant. The restaurant completed extensive remodeling/improvements to the building and opened in August, 2013. The restaurant has been extremely successful in their first six months of operation and has been a welcomed addition to Palatine’s downtown.

Long-term financial planning

In addition to the economic development projects mentioned above, the Village has demonstrated a commitment to maintaining its infrastructure. In 2014, the Village spent over \$7.3 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, 2013. This was the 14th consecutive year that the Village has received this prestigious award. In order to be awarded a Certificate of Achievement, the Village published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. I believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and I am submitting it to the GFOA to determine its eligibility for another certificate.

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

Additionally, I would like to acknowledge the Mayor, Village Council, and Village Manager for their leadership and support in planning and conducting the financial operations of the Village in a responsible and progressive manner.

Respectfully submitted,



Paul D. Mehring, CPA
Director
Finance and Operations

FINANCIAL SECTION



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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, 2014, which collectively comprise the Village's basic financial statements as listed in the table of contents and the related notes to 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

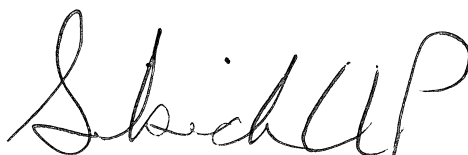
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Palatine, Illinois, as of December 31, 2014, 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.

Naperville, Illinois
June 4, 2015



General Purpose External Financial Statements

**VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014**

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 \$7.8 million (3.2%) during the current year. The governmental net position increased by \$7.4 million and the business-type activities net position increased by \$0.4 million.
- The Village's combined Governmental Funds ending fund balance increased \$1.6 million (2.7%).
- At the end of the current year, fund balance for the General Fund increased by \$0.1 million (0.6%) to \$22.9 million or 45.4% of General Fund expenditures.
- During 2014, general obligation bonds totaling \$14.61 million were issued to refund other general obligation bonds to reduce future debt service payments by \$1.67 million.

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL REPORT

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

Government-Wide Financial Statements

The government-wide financial statements (see pages 3-5) are designed to emulate the corporate sector in that all governmental and business-type activities are consolidated into columns that add to a total for the Primary Government. The focus of the Statement of Position ("the Unrestricted Net Position") (see page 3) 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.

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

The Statement of Activities (see pages 4-5) is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the Village's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various government services and/or subsidy to various business-type activities.

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

Fund Financial Statements

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

Governmental Funds

The governmental major fund presentation (see pages 6-11) is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. The focus of governmental funds is narrower than that of the government-wide financial statements. The Village maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Downtown TIF Fund, Rand Road Corridor TIF Fund, General Obligation Bond Fund, and Village Hall Renovation 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.

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

Proprietary fund financial statements (see pages 12-17) provide the same type of information as the government-wide financial statements, only in more detail. The Waterworks Fund, Sewerage Fund, and Motor Vehicle Parking System Fund are considered major funds of the Village and are presented in a separate column in the Fund Financial Statements. The Refuse Collection Fund is the Village's only non-major enterprise fund; 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 18-19). While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide statements.

The governmental fund financial statements provide a reconciliation to facilitate the comparison between the governmental funds and governmental activities on the government-wide financial statement. The governmental funds total column requires reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement (see pages 8 and 11). The flow of current financial resources reflects bond proceeds and interfund transfers as other financial sources, as well as capital expenditures and bond principal payments as expenditures. The reconciliation eliminates these transactions and incorporates the capital assets and long-term obligation (bond and others) into the governmental activities column (in the government-wide statements). The reconciliation also includes the Internal Service Funds' activities given that the Internal Service Funds serve primarily the governmental funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Financial Statements can be found on pages 20 - 71 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 72-88 of this report. The combining and individual fund statements for non-major governmental, enterprise, and internal service funds are presented on pages 89-116 of this report, immediately following the required supplementary information.

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

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 \$7.8 million (3.3%) 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 \$182.4 million, a \$7.4 million (4.2%) increase. The business-type activities net position was \$59.5 million, a \$0.4 million (0.7%) increase from the prior year. The following table reflects the condensed statement of net position for the current and prior years (presented in millions):

	<i>Current Year</i>			<i>Prior Year - as restated</i>		
	<i>Govern- mental Activities</i>	<i>Business- type Activities</i>	<i>Total</i>	<i>Govern- mental Activities</i>	<i>Business- type Activities</i>	<i>Total</i>
Current and other assets	95.3	25.7	121.0	93.3	27.1	120.4
Capital assets	198.9	49.2	248.1	198.6	50.0	248.6
Total Assets	294.2	74.9	369.1	291.9	77.1	369.0
Deferred outflows of resources	0.6	0.2	0.8	0.5	0.1	0.6
Noncurrent liabilities	85.6	14.6	100.2	90.3	16.8	107.1
Other liabilities	5.1	1.0	6.1	5.3	1.3	6.6
Total liabilities	90.7	15.6	106.3	95.6	18.1	113.7
Deferred inflows of resources	21.7	-	21.7	21.8	-	21.8
Net position						
Net investment in capital assets	144.4	38.9	183.3	140.6	38.4	179.0
Restricted	2.2	-	2.2	3.6	-	3.6
Unrestricted	35.8	20.6	56.4	30.8	20.7	51.5
Total net position	182.4	59.5	241.9	175.0	59.1	234.1

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

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)**

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 \$7.8 million increase of combined net position (which is the Village's bottom line) was the result of the governmental activities net position increasing by \$7.4 million and the business-type activities net position increasing by \$0.4 million.

Governmental Activities

Total assets increased by \$2.3 million. This increase was mainly due to 1) a \$1.8 million increase in cash and investments mainly as a result of \$1.6 million in transfers from business-type activities; and 2) an increase other receivables of \$0.2 million resulting from a loan issued as part of a redevelopment agreement in the Downtown TIF District. Total liabilities decreased by \$4.9 million, which is mainly due to the reduction of non-current liabilities from principal retirements during the year.

Business-Type Activities

Total assets and deferred outflows decreased by \$2.1 million and total liabilities decreased by \$2.5 million. The decrease in total assets is due mainly to 1) a decrease of \$1.5 million in cash and investments, mainly resulting from transfers of \$1.6 million to governmental activities; 2) an increase of \$0.3 million in accounts receivable due to lower collection levels; and 3) a decrease in capital assets of \$0.8 million due to capitalizations exceeding depreciation. The decrease in total liabilities is mainly a result of regular bond principal retirements.

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

Changes in Net Position

The Village's combined change in net position of \$7.8 million represents a decrease of \$0.3 million (-3.7%) from the prior year. The Village's total revenues decreased by \$0.4 million, while the cost of all programs decreased by \$0.1 million. The following chart shows the revenue and expenses of the Village's activities (presented in millions):

	<i>Current Year</i>			<i>Prior Year - as restated</i>		
	<i>Govern- mental Activities</i>	<i>Business- type Activities</i>	<i>Total</i>	<i>Govern- mental Activities</i>	<i>Business- type Activities</i>	<i>Total</i>
Revenues						
Program revenues						
Charges for services	10.3	19.2	29.5	10.0	18.4	28.4
Operating grants	3.6	-	3.6	3.6	-	3.6
Capital grants and contributions	-	-	-	0.3	2.2	2.5
General revenues						
Property taxes	31.3	-	31.3	31.5	-	31.5
Other taxes	9.4	-	9.4	9.5	-	9.5
Other revenues	17.80	-	17.8	16.5	-	16.5
Total revenues	72.4	19.2	91.6	71.4	20.6	92.0
Expenses						
Governmental activities						
General government	6.1	-	6.1	3.6	-	3.6
Public safety	40.9	-	40.9	39.2	-	39.2
Public works	12.0	-	12.0	14.3	-	14.3
Economic development	3.4	-	3.4	5.9	-	5.9
Interest & fiscal charges	4.2	-	4.2	4.4	-	4.4
Business-type activities						
Waterworks	-	8.2	8.2	-	7.5	7.5
Sewerage	-	3.0	3.0	-	3.3	3.3
Refuse collection	-	1.4	1.4	-	1.3	1.3
Motor vehicle parking	-	4.6	4.6	-	4.4	4.4
Total expenses	66.6	17.2	83.8	67.4	16.5	83.9
Change in net position before transfers	5.8	2.0	7.8	4.0	4.1	8.1
Transfers	1.6	(1.6)	-	0.3	(0.3)	-
Change in net position	7.4	0.4	7.8	4.3	3.8	8.1
Net position, beginning - as restated	175.0	59.1	234.1	170.7	55.3	226.0
Net position, ending	182.4	59.5	241.9	175.0	59.1	234.1

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

Normal Impacts

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

Revenues:

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

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

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

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

Expenses:

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

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

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

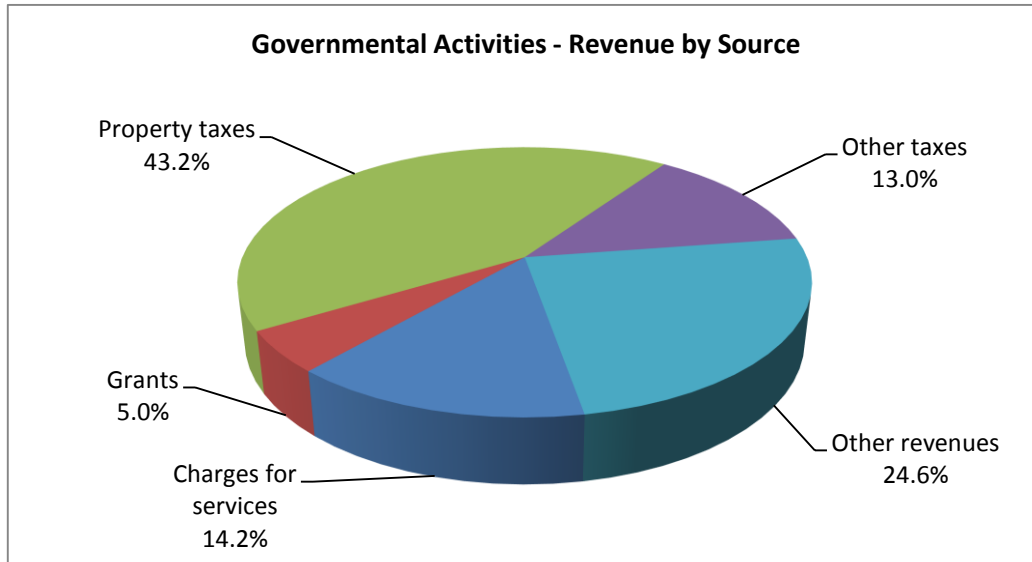
Inflation - while overall inflation appears to be reasonably modest, the Village is a major consumer of certain commodities such as supplies, fuels, and parts. Some functions may experience unusual commodity-specific increases.

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

Current Year Impacts

Governmental Activities

Revenues:



For the current year, revenues from Governmental Activities totaled \$72.4 million, an increase of \$1.0 million (1.4%). Property taxes continue to be the Village's largest revenue source coming in at \$31.3 million and representing 43.2% of total Governmental Activity revenue. Other revenues, representing support from other governmental agencies (mainly shared revenue from the State of Illinois), provide 24.6% of total governmental revenues.

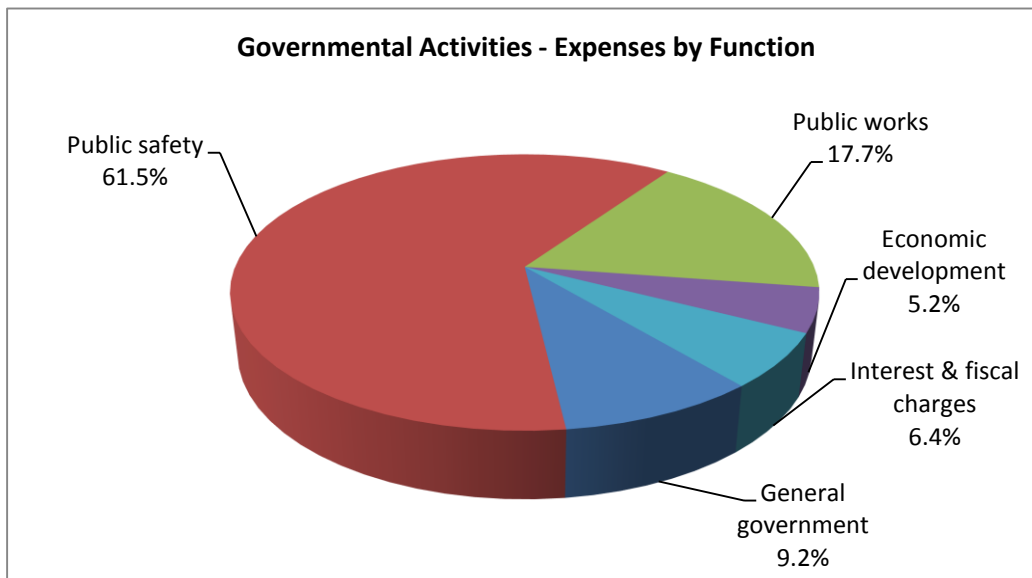
Property tax receipts decreased slightly by \$0.2 million due to a decreased levy.

The charges for services category increase of \$0.3 million results from general rate increases and an increase in discretionary services that relate directly to improving economic conditions.

Other revenues increased by \$1.3 million resulting from increased state shared sales taxes and state shared income taxes based upon a strengthening local economy.

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

Expenses



For the current year, expenses from Governmental Activities totaled \$66.6 million, which represents a \$0.8 million (1.2%) decrease from the prior year.

General government expenses experienced an increase of \$2.5 million (69.4%) as a result of the capitalization of contributed capital assets in the prior year.

Public safety expenses show an increase of \$1.7 million (4.3%) mainly due to personnel related payments in 2014 for retroactive pay based on a contract settlement and collectively bargained increases in pay.

Public works expenses show a decrease of \$2.3 million (16.1%) mainly due to a planned lower level of activity in infrastructure maintenance costs.

Economic development activities show a decrease of \$2.5 million (42.4%), as a result of a continued reduction in redevelopment activities within the Village's TIF Funds.

Interest and fiscal charges reflect a \$0.2 million (4.5%) decrease from reduced interest charges from paid-down principal balances.

Business-Type Activities

Revenues

Total revenue for the business-type activities experienced a \$1.4 million (6.8%) decrease in the current year, which was mainly due to a water rate increase enacted by the Village Council.

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

Expenses

Business-type activity total expenses increased by \$0.7 million (4.2%), which was mainly caused by increased water system infrastructure maintenance.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental Funds

The Governmental Funds (as presented on page 6-11) reported a combined total fund balance of \$62.1 million, which is a \$1.7 million increase from the prior year balance of \$60.4 million. This increase is mainly attributable to planned transfers of \$1.7 million from the Village's enterprise funds. The total fund balance of \$62.1 million is comprised of the following components:

Nonspendable Fund Balance of \$4.8 million represents the portion of fund balance that is not available to be spent, either short-term or long-term, in form: \$14.8 million for advances.

Restricted Fund Balance totaling \$18.0 million represents the portion of fund balance that is subject to external enforceable legal restrictions: \$1.5 million for highways and streets; \$0.2 million for debt service; \$0.8 million for public safety; and \$15.5 million for economic development.

Assigned Fund Balance in the amount of \$21.3 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 \$18.0 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 \$0.1 million (0.4%) from the prior year; the fund balance for the prior year showed an increase of \$1.6 million. Revenues increased by \$1.0 million and expenditures increased by \$1.7 million, resulting in a \$0.7 million decrease in results from operations compared to the prior year, both before other financing uses (transfers). Net financing sources (uses) increased by \$0.8 million, which had a negative effect on fund balance.

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

GENERAL FUND BUDGETARY HIGHLIGHTS
(presented in millions)

	<i>Current Year</i>			<i>Prior Year</i>	
	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
Revenues	\$ 51.1	\$ 51.1	\$ 53.2	\$ 52.2	
Expenditures	51.0	51.5	50.4	48.7	
Excess (deficiency) of revenues over expenditures	0.1	(0.4)	2.7	3.4	
Other financing sources (uses)	-	(2.6)	(2.6)	(1.8)	
Net change in fund balance	\$ 0.1	\$ (3.0)	\$ 0.1	\$ 1.6	

With the exception of the state sales tax, the General Fund's "key" revenues were fairly static from the prior year and include:

	<i>Current Year</i>		<i>Prior Year</i>	<i>Inncrease/(Decrease)</i>
Property tax	\$ 19.2	\$ 18.9	\$ 0.3	
State sales tax	8.8	8.2	0.6	
Home rule sales tax	4.5	4.3	0.2	
State income tax	6.6	6.5	0.1	

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 \$2.1 million higher and \$1.1 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 \$2.3 million mainly as a result of lagging tax receipts from a decreasing incremental value of properties within the district. The Rand Road Corridor TIF Fund experienced a slight negative net change in fund balance of \$0.1 million mainly due to lagging tax receipts from a decreasing incremental value of properties within the district. The General Obligation Bond Fund experienced a negative \$2.0 net change in fund balance based mainly on the transfer out of excess reserves for capital projects.

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

Proprietary Funds

The Enterprise Funds' (as presented on pages 12-17) total net position increased by \$0.4 million (0.7%). This increase is mainly made up of a \$2.4 million increase in the Waterworks and Sewerage Funds from 5% rate increases implemented to fortify the working capital of these funds; a \$0.9 million decrease in the Refuse Collection Fund mainly due to operating transfers to other funds; and a \$1.1 million decrease in the Motor Vehicle Parking Fund due to transfers to other funds and depreciation of capital assets.

CAPITAL ASSETS

The Village's investment in capital assets for its governmental and business-type activities amounts to \$248.1 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 \$0.5 million decrease (including additions and deductions) from the prior year. Detailed information regarding the change in capital assets for governmental and business-type activities is included in the Notes to the Financial Statements on pages 33–34.

The governmental activities and business-type activities net capital assets decreased from last year by \$0.3 million and \$0.2 million, respectively, as a result of net depreciation exceeding capital additions and reductions.

DEBT OUTSTANDING

In calendar year 2014, the Village issued general obligation bonds totaling \$14,610,000 to refund other general obligation bonds.

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. \$89.1 million of general obligation bonds, \$4.7 million of general obligation capital appreciation bonds and \$0.1 million of tax increment revenue limited obligation redevelopment notes are currently outstanding.

\$19.2 million (21.5%) of the \$89.1 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 2014, Moody's Investors Service and Standard and Poor's reaffirmed the Village's AA1 and AA+ ratings, respectively. Both companies cited the Village's well-managed financial operations, moderate direct debt burden, and aggressive retirement of its general obligation bonds.

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

Additional information of the Village's long-term debt can be found in the Notes to the Financial Statements on pages 35-40.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

The Fiscal Year 2015 budget includes a programmed decrease in property tax revenues for the fourth consecutive year. Sales taxes are projected to increase due to the assumption that the economy will continue to grow moderately; 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 moderately increase due to the continued increased activity in the housing market. State income tax revenue is forecasted to increase based on historical experience. Although, after the creation and passage of the 2015 budget; the State proposed to cut this revenue source in half. At this early point, no changes have been made to the budget to reflect this reduction; however, the Village will be closely monitoring this revenue source and any discussions regarding its reduction and react accordingly. 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, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 50,178,707	\$ 11,827,277	\$ 62,005,984
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	21,936,181	-	21,936,181
Accounts	-	1,979,198	1,979,198
Other	926,135	153,132	1,079,267
Due from other governments	5,069,774	-	5,069,774
Accrued interest	43,380	4,630	48,010
Prepaid expenses	60,325	-	60,325
Inventories	197,115	-	197,115
Land held for resale	16,867,257	-	16,867,257
Investment in joint venture			
Northwest Water Commission	-	11,768,890	11,768,890
Capital assets not being depreciated	151,371,945	4,858,690	156,230,635
Capital assets being depreciated (net of accumulated depreciation)	47,570,362	44,341,815	91,912,177
Total assets	294,221,181	74,933,632	369,154,813
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	606,665	234,805	841,470
Total deferred outflows of resources	606,665	234,805	841,470
LIABILITIES			
Accounts payable	1,327,574	590,040	1,917,614
Accrued payroll	1,069,591	56,306	1,125,897
Accrued interest payable	285,350	23,705	309,055
Due to fiduciary funds	26,048	-	26,048
Deposits payable	675,583	227,588	903,171
Claims payable	1,741,970	-	1,741,970
Unearned revenues	24,582	142,970	167,552
Noncurrent liabilities			
Due within one year	7,516,785	4,277,160	11,793,945
Due in more than one year	78,071,404	10,322,273	88,393,677
Total liabilities	90,738,887	15,640,042	106,378,929
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	21,713,931	-	21,713,931
Total deferred inflows of resources	21,713,931	-	21,713,931
NET POSITION			
Net investment in capital assets	144,374,387	38,870,993	183,245,380
Restricted for			
Streets and highways	1,465,780	-	1,465,780
Public safety	770,368	-	770,368
Unrestricted	35,764,493	20,657,402	56,421,895
TOTAL NET POSITION	\$ 182,375,028	\$ 59,528,395	\$ 241,903,423

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 6,085,713	\$ 4,002,813	\$ -	\$ -
Public safety	40,893,455	4,183,645	459,033	27,540
Public works	12,001,792	2,099,120	2,333,673	3,537
Economic development	3,400,486	-	135,550	-
Interest and fiscal charges	4,214,079	-	627,441	-
Total governmental activities	66,595,525	10,285,578	3,555,697	31,077
Business-Type Activities				
Waterworks	8,235,391	10,277,604	-	-
Sewerage	3,041,236	3,718,386	-	-
Motor vehicle parking system	1,323,599	711,723	-	-
Refuse collection	4,553,742	4,530,632	-	-
Total business-type activities	17,153,968	19,238,345	-	-
TOTAL PRIMARY GOVERNMENT	\$ 83,749,493	\$ 29,523,923	\$ 3,555,697	\$ 31,077

See accompanying notes to financial statements.

Net (Expense) Revenue and Change in Net Position			
Primary Government			
	Governmental Activities	Business-Type Activities	Total
	\$ (2,082,900)	\$ -	\$ (2,082,900)
	(36,223,237)	-	(36,223,237)
	(7,565,462)	-	(7,565,462)
	(3,264,936)	-	(3,264,936)
	(3,586,638)	-	(3,586,638)
	(52,723,173)	-	(52,723,173)
	-	2,042,213	2,042,213
	-	677,150	677,150
	-	(611,876)	(611,876)
	-	(23,110)	(23,110)
	-	2,084,377	2,084,377
	(52,723,173)	2,084,377	(50,638,796)
General Revenues			
Taxes			
Property	31,303,000	-	31,303,000
Home rule sales	4,471,298	-	4,471,298
Telecommunications	1,906,545	-	1,906,545
Electric utility use	1,690,985	-	1,690,985
Other	1,309,644	-	1,309,644
State shared sales taxes	10,061,160	-	10,061,160
State shared income tax	6,563,909	-	6,563,909
Other intergovernmental revenues	515,114	-	515,114
Investment income	309,200	24,098	333,298
Miscellaneous	297,638	-	297,638
Transfers	1,639,500	(1,639,500)	-
Total	60,067,993	(1,615,402)	58,452,591
CHANGE IN NET POSITION	7,344,820	468,975	7,813,795
NET POSITION, JANUARY 1 - AS RESTATED	175,030,208	59,059,420	234,089,628
NET POSITION, DECEMBER 31	\$ 182,375,028	\$ 59,528,395	\$ 241,903,423

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2014

	General	Downtown TIF	Rand Road Corridor TIF	General Obligation Bond	Village Hall Renovation	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 14,744,764	\$ -	\$ -	\$ 184,613	\$ 14,063,575	\$ 12,462,296	\$ 41,455,248
Receivables (net, where applicable, of allowances for uncollectibles)							
Property taxes	19,265,543	14,935	106,772	2,545,039	-	3,892	21,936,181
Other	658,730	242,693	-	-	-	-	901,423
Due from other governments	4,451,668	-	-	-	-	618,106	5,069,774
Accrued interest	15,590	2,130	-	-	-	4,775	22,495
Due from other funds	329,213	-	-	-	-	-	329,213
Land held for resale	-	8,253,799	8,613,458	-	-	-	16,867,257
Advance to other funds	4,782,920	-	-	-	-	-	4,782,920
 TOTAL ASSETS	 \$ 44,248,428	 \$ 8,513,557	 \$ 8,720,230	 \$ 2,729,652	 \$ 14,063,575	 \$ 13,089,069	 \$ 91,364,511

See accompanying notes to financial statements.

	General	Downtown TIF	Rand Road Corridor TIF	General Obligation Bond	Village Hall Renovation	Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES							
Accounts payable	402,771	13,493	28,316	500	20,747	207,346	673,173
Accrued payroll	1,046,416	-	-	-	-	4,018	1,050,434
Due to other funds	-	221,961	47,439	-	-	59,813	329,213
Due to fiduciary funds	26,048	-	-	-	-	-	26,048
Deposits payable	675,583	-	-	-	-	-	675,583
Unearned revenues	10,000	-	-	-	-	9,250	19,250
Advance from other funds	-	4,782,920	-	-	-	-	4,782,920
Total liabilities	2,160,818	5,018,374	75,755	500	20,747	280,427	7,556,621
DEFERRED INFLOWS OF RESOURCES							
Deferred property taxes	19,180,161	-	-	2,533,770	-	-	21,713,931
FUND BALANCES							
Nonspendable in form - advances	4,782,920	-	-	-	-	-	4,782,920
Restricted for streets and highways	-	-	-	-	-	1,465,780	1,465,780
Restricted for debt service	-	-	-	195,382	-	-	195,382
Restricted for public safety	-	-	-	-	-	770,368	770,368
Restricted for economic development	-	3,495,183	8,644,475	-	-	3,374,157	15,513,815
Unrestricted							
Assigned for capital projects	-	-	-	-	14,042,828	7,241,952	21,284,780
Unassigned	18,124,529	-	-	-	-	(43,615)	18,080,914
Total fund balances	22,907,449	3,495,183	8,644,475	195,382	14,042,828	12,808,642	62,093,959
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 44,248,428	\$ 8,513,557	\$ 8,720,230	\$ 2,729,652	\$ 14,063,575	\$ 13,089,069	\$ 91,364,511

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

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

December 31, 2014

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 62,093,959
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	198,942,307
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(79,615,430)
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	47,465
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	(745,105)
Charges on refundings are reported as a deferred outflow of resources on the statement of net position	606,665
Accrued interest on long-term debt is reported as a liability on the statement of net position	(285,350)
Compensated absences payable is not due and payable in the current period and, therefore, is not reported in governmental funds	(2,684,580)
Less compensated absences payable reported in internal service funds	30,535
The net position of internal service funds is included in the governmental activities in the statement of net position	6,575,101
The net OPEB obligation is not a current financial resource and, therefore, is not reported in the governmental funds	(1,421,416)
The net pension obligation is not a current financial resource and, therefore, is not reported in the governmental funds	<u>(1,169,123)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 182,375,028</u>

See accompanying notes to financial statements.

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VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2014

	General	Downtown TIF	Rand Road Corridor TIF	General Obligation Bond	Village Hall Renovation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 25,864,623	\$ 4,775,941	\$ 2,090,192	\$ 2,631,219	\$ -	\$ 5,319,497	\$ 40,681,472
Licenses and permits	3,081,336	-	-	-	-	-	3,081,336
Intergovernmental	18,899,416	126,579	-	500,862	-	3,208,765	22,735,622
Charges for services	3,494,656	-	-	-	-	306,867	3,801,523
Fines and forfeits	1,365,125	-	-	-	-	28,929	1,394,054
Investment income	273,846	14,006	15	2,614	475	18,244	309,200
Miscellaneous	209,354	79,041	-	-	-	9,243	297,638
Total revenues	53,188,356	4,995,567	2,090,207	3,134,695	475	8,891,545	72,300,845
EXPENDITURES							
Current							
General government	5,690,050	-	-	-	-	-	5,690,050
Public safety	37,982,977	-	-	-	-	229,556	38,212,533
Public works	6,769,212	-	-	-	-	-	6,769,212
Economic development	-	775,166	346,770	-	-	2,278,550	3,400,486
Capital outlay	-	1,237,207	5,315	-	853,988	6,080,162	8,176,672
Debt service							
Principal retirement	-	3,871,099	995,000	1,223,240	-	-	6,089,339
Interest	-	1,429,628	837,498	1,905,265	-	-	4,172,391
Fiscal charges	-	39,305	79,797	3,236	-	-	122,338
Total expenditures	50,442,239	7,352,405	2,264,380	3,131,741	853,988	8,588,268	72,633,021

See accompanying notes to financial statements.

	General	Downtown TIF	Rand Road Corridor TIF	General Obligation Bond	Village Hall Renovation	Nonmajor Governmental Funds	Total Governmental Funds
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,746,117	(2,356,838)	(174,173)	2,954	(853,513)	303,277	(332,176)
OTHER FINANCING SOURCES (USES)							
Refunding bonds issued, at par	-	3,720,000	7,265,000	-	-	-	10,985,000
Bond premium	-	86,765	125,460	-	-	-	212,225
Payment to refunded bond escrow agent	-	(3,767,390)	(7,308,995)	-	-	-	(11,076,385)
Proceeds from sale of capital assets	-	-	-	-	-	211,418	211,418
Transfers in	175,410	-	-	-	11,720,345	468,785	12,364,540
Transfers (out)	(2,782,498)	-	-	(2,000,000)	(83,287)	(5,870,345)	(10,736,130)
Total other financing sources (uses)	(2,607,088)	39,375	81,465	(2,000,000)	11,637,058	(5,190,142)	1,960,668
NET CHANGE IN FUND BALANCE	139,029	(2,317,463)	(92,708)	(1,997,046)	10,783,545	(4,886,865)	1,628,492
FUND BALANCE, JANUARY 1 - AS RESTATED	22,768,420	5,812,646	8,737,183	2,192,428	3,259,283	17,695,507	60,465,467
FUND BALANCE, DECEMBER 31	\$ 22,907,449	\$ 3,495,183	\$ 8,644,475	\$ 195,382	\$ 14,042,828	\$ 12,808,642	\$ 62,093,959

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2014

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,628,492
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	3,045,880
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	(2,559,523)
Cost of capital assets disposed	(145,625)
The issuance of long-term debt is reported as an other financing source in governmental funds but as an increase of principal outstanding in the statement of activities	(10,985,000)
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	6,089,339
Refunding of bonds	10,875,000
The amortization of discount on long-term debt is reported as an expense on the statement of activities	(5,480)
The premium on long-term debt issued is reported as an other financing source in the governmental funds and are deferred in the statement of activities	(212,225)
The amortization of premium on long-term debt is reported as revenue on the statement of activities	169,280
The loss on refunding on long-term debt is reported as an other financing use in the governmental funds and is deferred in the statement of activities	201,385
The amortization of the loss on refunding on long-term debt is reported as an expense on the statement of activities	(125,130)
The change in the accrual of interest on long-term debt is reported as an expense on the statement of activities	41,980
The change in compensated absences payable is shown as an expense on the statement of activities	(534,110)
The change in net position of certain activities of internal service funds is reported in governmental funds on the statement of activities	498,515
The change in net OPEB obligation is not a current financial resource and, therefore, is not reported in the governmental funds	(390,455)
The change in net pension obligation is not a current financial resource and, therefore, is not reported in the governmental funds	(247,503)
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 7,344,820</u>

See accompanying notes to financial statements.

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VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2014

	Business-Type Activities					Governmental
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service
CURRENT ASSETS						
Cash and investments	\$ 7,130,772	\$ 2,305,798	\$ 1,113,996	\$ 1,276,711	\$ 11,827,277	\$ 8,723,459
Receivables (net, where applicable, of allowances for uncollectibles)						
Accounts	1,430,147	497,629	-	51,422	1,979,198	-
Other	-	36,620	-	116,512	153,132	24,712
Accrued interest	2,210	1,365	-	1,055	4,630	20,885
Prepaid expenses	-	-	-	-	-	60,325
Inventories	-	-	-	-	-	197,115
Total current assets	8,563,129	2,841,412	1,113,996	1,445,700	13,964,237	9,026,496
NONCURRENT ASSETS						
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	17,903,995	60,645,515	-	-	78,549,510	-
Machinery and equipment	2,164,615	286,080	-	-	2,450,695	-
Accumulated depreciation	(14,990,975)	(35,378,035)	(9,507,810)	-	(59,876,820)	-
Total capital assets	12,557,240	26,151,105	10,492,160	-	49,200,505	-
Other assets						
Investment in joint venture Northwest Water Commission	11,768,890	-	-	-	11,768,890	-
Total noncurrent assets	24,326,130	26,151,105	10,492,160	-	60,969,395	-
Total assets	32,889,259	28,992,517	11,606,156	1,445,700	74,933,632	9,026,496

See accompanying notes to financial statements.

	Business-Type Activities					Governmental Activities
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	2,355	232,450	-	-	234,805	-
Total deferred outflows of resources	2,355	232,450	-	-	234,805	-
CURRENT LIABILITIES						
Accounts payable	193,089	117,242	21,962	257,747	590,040	654,401
Accrued payroll	40,443	15,863	-	-	56,306	19,157
Accrued interest payable	2,410	21,295	-	-	23,705	-
Deposits payable	227,588	-	-	-	227,588	-
Claims payable	-	-	-	-	-	1,741,970
Unearned revenues	-	-	-	142,970	142,970	5,332
Compensated absences payable	22,660	4,365	-	-	27,025	6,110
General obligation bonds payable	3,358,320	891,815	-	-	4,250,135	-
Total current liabilities	3,844,510	1,050,580	21,962	400,717	5,317,769	2,426,970
LONG-TERM LIABILITIES						
Compensated absences payable	90,620	17,440	-	-	108,060	24,425
General obligation bonds payable	1,983,341	8,230,872	-	-	10,214,213	-
Total long-term liabilities	2,073,961	8,248,312	-	-	10,322,273	24,425
Total liabilities	5,918,471	9,298,892	21,962	400,717	15,640,042	2,451,395
NET POSITION						
Net investment in capital assets	10,963,075	17,415,758	10,492,160	-	38,870,993	-
Unrestricted	16,010,068	2,510,317	1,092,034	1,044,983	20,657,402	6,575,101
TOTAL NET POSITION	\$ 26,973,143	\$ 19,926,075	\$ 11,584,194	\$ 1,044,983	\$ 59,528,395	\$ 6,575,101

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, 2014

	Business-Type Activities					Governmental Activities
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service
OPERATING REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,954
Charges for services	10,242,329	3,421,370	711,723	4,530,632	18,906,054	9,904,779
Miscellaneous	35,275	297,016	-	-	332,291	46,203
Total operating revenues	10,277,604	3,718,386	711,723	4,530,632	19,238,345	9,963,936
OPERATING EXPENSES EXCLUDING DEPRECIATION						
Costs of sales and services	7,093,649	1,415,424	539,519	4,553,742	13,602,334	9,513,127
Total operating expenses excluding depreciation	7,093,649	1,415,424	539,519	4,553,742	13,602,334	9,513,127
OPERATING INCOME BEFORE DEPRECIATION	3,183,955	2,302,962	172,204	(23,110)	5,636,011	450,809
DEPRECIATION	735,490	1,227,465	784,080	-	2,747,035	-
OPERATING INCOME (LOSS)	2,448,465	1,075,497	(611,876)	(23,110)	2,888,976	450,809
NONOPERATING REVENUES (EXPENSES)						
Investment income	9,987	7,401	973	5,737	24,098	36,616
Interest expense	(333,732)	(398,347)	-	-	(732,079)	-
Joint venture	(72,520)	-	-	-	(72,520)	-
Total nonoperating revenues (expenses)	(396,265)	(390,946)	973	5,737	(780,501)	36,616

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 TRANSFERS	2,052,200	684,551	(610,903)	(17,373)	2,108,475	487,425
Transfers in	-	-	-	-	-	11,090
Transfers out	(126,500)	(126,500)	(500,000)	(886,500)	(1,639,500)	-
CHANGE IN NET POSITION	1,925,700	558,051	(1,110,903)	(903,873)	468,975	498,515
NET POSITION, JANUARY 1	25,047,443	19,368,024	12,695,097	1,948,856	59,059,420	6,076,586
NET POSITION, DECEMBER 31	<u>\$ 26,973,143</u>	<u>\$ 19,926,075</u>	<u>\$ 11,584,194</u>	<u>\$ 1,044,983</u>	<u>\$ 59,528,395</u>	<u>\$ 6,575,101</u>

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2014

	Business-Type Activities					Governmental Activities
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 10,089,129	\$ 3,672,615	\$ 711,723	\$ 4,568,133	\$ 19,041,600	\$ 1,421,588
Receipts from interfund services transactions	-	-	-	-	-	8,544,530
Payments to suppliers	(5,399,864)	(825,532)	(505,255)	(4,433,297)	(11,163,948)	(8,586,511)
Payments to employees	(1,548,014)	(596,143)	-	-	(2,144,157)	(770,185)
Payments for interfund services transactions	(145,000)	(368,000)	(57,000)	(109,000)	(679,000)	-
Net cash from operating activities	2,996,251	1,882,940	149,468	25,836	5,054,495	609,422
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	-	-	-	11,090
Transfers out	(126,500)	(126,500)	(500,000)	(886,500)	(1,639,500)	-
Net cash from noncapital financing activities	(126,500)	(126,500)	(500,000)	(886,500)	(1,639,500)	11,090
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital assets purchased	(326,100)	(1,580,695)	-	-	(1,906,795)	-
Proceeds of refunding bonds issued	-	3,625,000	-	-	3,625,000	-
Principal payments on long-term debt	(1,900,775)	(4,405,980)	-	-	(6,306,755)	-
Interest and fiscal charges paid on long-term debt	(39,182)	(361,716)	-	-	(400,898)	-
Net cash from capital and related financing activities	(2,266,057)	(2,723,391)	-	-	(4,989,448)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	8,112	6,231	1,058	4,757	20,158	21,211
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	611,806	(960,720)	(349,474)	(855,907)	(1,554,295)	641,723
CASH AND CASH EQUIVALENTS, JANUARY 1	6,518,966	3,266,518	1,463,470	2,132,618	13,381,572	8,081,736
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 7,130,772	\$ 2,305,798	\$ 1,113,996	\$ 1,276,711	\$ 11,827,277	\$ 8,723,459

See accompanying notes to financial statements.

	Business-Type Activities					Governmental Activities
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES						
Operating income (loss)	\$ 2,448,465	\$ 1,075,497	\$ (611,876)	\$ (23,110)	\$ 2,888,976	\$ 450,809
Adjustments to reconcile operating income (loss) to net cash from operating activities						
Depreciation	735,490	1,227,465	784,080	-	2,747,035	-
(Increase) decrease in						
Accounts receivables	(270,475)	(53,351)	-	(2,498)	(326,324)	-
Other receivables	-	7,580	-	39,609	47,189	136
Prepaid expenses	-	-	-	-	-	325
Inventories	-	-	-	-	-	(31,110)
Increase (decrease) in						
Accounts payable	(20,522)	(378,832)	(22,736)	11,445	(410,645)	49,047
Accrued payroll	8,998	926	-	-	9,924	1,884
Deposits payable	82,000	-	-	-	82,000	-
Claims payable	-	-	-	-	-	131,335
Unearned revenue	-	-	-	390	390	2,046
Compensated absences payable	12,295	3,655	-	-	15,950	4,950
NET CASH FROM OPERATING ACTIVITIES	\$ 2,996,251	\$ 1,882,940	\$ 149,468	\$ 25,836	\$ 5,054,495	\$ 609,422
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES						
Change in investment in joint venture	\$ (72,520)	\$ -	\$ -	\$ -	\$ (72,520)	\$ -
TOTAL NONCASH INVESTING AND FINANCING ACTIVITIES	\$ (72,520)	\$ -	\$ -	\$ -	\$ (72,520)	\$ -

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

December 31, 2014

	Pension Trust	Agency
<hr/>		
ASSETS		
Cash and cash equivalents	\$ 848,472	\$ 1,410,500
Investments		
U.S. Treasury securities	20,638,211	-
U.S. agency securities	2,657,085	-
Corporate and international bonds	17,089,641	-
Municipal bonds	748,135	-
Money market mutual funds	1,050,345	-
Equities	78,556,443	-
Receivables		
Property taxes	-	588,450
Accrued interest	247,389	-
Due from primary government	26,048	-
Prepaid items	-	3,000
	<hr/>	
Total assets	121,861,769	\$ 2,001,950
	<hr/>	
LIABILITIES		
Accounts payable	\$ -	\$ 1,171
Other liabilities	-	1,110,390
Due to bondholders	-	890,389
	<hr/>	
TOTAL LIABILITIES	-	\$ 2,001,950
	<hr/>	
NET POSITION		
Held in trust for pension benefits	\$ 121,861,769	
	<hr/>	

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

For the Year Ended December 31, 2014

ADDITIONS	
Contributions	
Employer	\$ 6,049,142
Employee	2,192,500
Miscellaneous income	<u>243</u>
Total contributions	<u>8,241,885</u>
Investment earnings	
Net increase in the fair value of investments	4,394,202
Interest	<u>2,831,749</u>
Total investment earnings	7,225,951
Less investment expense	<u>(468,614)</u>
Net investment earnings	<u>6,757,337</u>
Total additions	<u>14,999,222</u>
DEDUCTIONS	
Administration	56,999
Benefits and refunds	
Retirement benefits	7,289,295
Refunds of contributions	<u>72,260</u>
Total deductions	<u>7,418,554</u>
CHANGE IN NET POSITION	7,580,668
NET POSITION	
January 1	<u>114,281,101</u>
December 31	<u><u>\$ 121,861,769</u></u>

See accompanying notes to financial statements.

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VILLAGE OF PALATINE, ILLINOIS
INDEX TO
NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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.

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.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The Village reports the following major governmental funds:

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

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

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

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

The Village Hall Renovation Fund accounts for the accumulation of resources and payment of construction costs related to the renovation of the Village Hall.

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 Fund, and Section 125 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.

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.

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.

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:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Capital Assets (Continued)

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

l. Compensated Absences

The Village's policy permits employees to accumulate earned but unused sick leave and vacation benefits, which 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Fund Balance/Net Position

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

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

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

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

p. 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.

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

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 Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services 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.

2. DEPOSITS AND INVESTMENTS (Continued)

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)

3. RECEIVABLES

a. Taxes

Property taxes for 2014 attach as an enforceable lien on January 1, 2014, 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 2014 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	\$ 12,140
Ambulance service and fees	100,175
Cable franchise fees	226,070
Food and beverage tax	130,750
Red light violations	39,515
Electric utility tax	150,080
Loan receivable	242,693
Billed receivables	<u>24,712</u>
Total governmental activities	<u>926,135</u>
BUSINESS-TYPE ACTIVITIES	
Disposal fees	116,512
Sewer loan program	<u>36,620</u>
Total business-type activities	<u>153,132</u>
TOTAL OTHER RECEIVABLES	<u>\$ 1,079,267</u>

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

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	\$ 2,299,850
Home rule sales tax	1,169,800
Grants	20,216
State income tax	767,958
Court fines	87,525
Other state sources	126,535
Motor fuel tax allotments	172,645
Telecommunications tax	425,245
	<hr/>
Total government activities	5,069,774
BUSINESS-TYPE ACTIVITIES	
	<hr/>
	-
TOTAL DUE FROM OTHER GOVERNMENTS	
	<hr/>
	\$ 5,069,774

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
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GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 11,608,400	\$ -	\$ 43,380	\$ 11,565,020
Land right of way	139,806,925	-	-	139,806,925
Total capital assets not being depreciated	151,415,325	-	43,380	151,371,945
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Capital assets being depreciated				
Buildings and improvements	38,832,850	691,210	-	39,524,060
Machinery and equipment	9,481,190	1,596,965	759,885	10,318,270
Streets	27,181,270	757,705	104,790	27,834,185
Bridges	1,596,735	-	-	1,596,735
Total capital assets being depreciated	77,092,045	3,045,880	864,675	79,273,250

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

4. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
(Continued)				
Less accumulated depreciation for				
Buildings and improvements	\$ 9,728,345	\$ 1,136,835	\$ -	\$ 10,865,180
Machinery and equipment	5,312,085	809,315	711,320	5,410,080
Streets	14,074,730	581,373	51,110	14,604,993
Bridges	790,635	32,000	-	822,635
Total accumulated depreciation	29,905,795	2,559,523	762,430	31,702,888
Total capital assets being depreciated, net	47,186,250	486,357	102,245	47,570,362
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 198,601,575	\$ 486,357	\$ 145,625	\$ 198,942,307
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 4,858,690	\$ -	\$ -	\$ 4,858,690
Total capital assets not being depreciated	4,858,690	-	-	4,858,690
Capital assets being depreciated				
Equipment	2,450,695	-	-	2,450,695
Buildings and improvements	7,336,950	-	-	7,336,950
Water system	17,577,895	326,100	-	17,903,995
Sewer system	59,064,820	1,580,695	-	60,645,515
Parking improvements	15,881,480	-	-	15,881,480
Total capital assets being depreciated	102,311,840	1,906,795	-	104,218,635
Less accumulated depreciation for				
Equipment	1,187,015	220,350	-	1,407,365
Buildings and improvements	3,885,135	177,170	-	4,062,305
Water system	9,426,175	373,490	-	9,799,665
Sewer system	33,907,730	1,191,945	-	35,099,675
Parking improvements	8,723,730	784,080	-	9,507,810
Total accumulated depreciation	57,129,785	2,747,035	-	59,876,820
Total capital assets being depreciated, net	45,182,055	(840,240)	-	44,341,815
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	\$ 50,040,745	\$ (840,240)	\$ -	\$ 49,200,505

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

GOVERNMENTAL ACTIVITIES	
General government	\$ 170,275
Public safety	1,232,655
Public works	1,156,593
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	\$ 2,559,523

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

5. LONG-TERM DEBT

a. General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued is \$101,962,837. During the year, general obligation bonds totaling \$14,610,000 were issued to refund other general obligation bonds.

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

Purpose	Interest Rates	Amount
Governmental activities	2.000% - 5.950%	\$ 58,270,000
Governmental activities – refunding	1.160% - 5.250%	21,239,865
Business-type activities	3.375% - 5.500%	700,000
Business-type activities – refunding	1.160% - 5.250%	8,845,135
Business-type activities – capital appreciation ⁽¹⁾	7.100%	<u>4,725,348</u>
TOTAL		<u>\$ 93,780,348</u>

⁽¹⁾ The face value of bonds issued and currently outstanding was \$4,850,000. The carrying value of the accreted bonds is \$4,725,348.

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
2015	\$ 6,979,865	\$ 3,490,530	\$ 1,255,135	\$ 304,844
2016	6,130,000	3,259,634	950,000	266,213
2017	5,330,000	3,053,329	980,000	238,313
2018	5,525,000	2,875,830	835,000	203,813
2019	5,775,000	2,685,332	865,000	175,313
2020	5,925,000	2,469,209	905,000	145,713
2021	6,275,000	2,240,999	940,000	114,613

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

5. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

Year Ending December 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 6,405,000	\$ 1,975,167	\$ 975,000	\$ 82,313
2023	2,705,000	1,698,042	280,000	48,443
2024	3,420,000	1,571,968	290,000	42,143
2025	3,545,000	1,405,190	300,000	35,183
2026	2,875,000	1,230,092	310,000	27,683
2027	2,130,000	1,073,322	325,000	19,313
2028	2,200,000	954,235	335,000	10,050
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	-	-
TOTAL	\$ 79,509,865	\$ 32,957,255	\$ 9,545,135	\$ 1,713,950

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

Year Ending December 31,	Principal	Accretion
2015	\$ 2,995,000	\$ -
2016	1,730,348	124,652
TOTAL	\$ 4,725,348	\$ 124,652

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)

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%	\$ 105,565

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	105,565	-
TOTAL	\$ 105,565	\$ -

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)

5. LONG-TERM DEBT (Continued)

d. Advance and Current Refundings

On December 9, 2014, the Village issued \$7,345,000 General Obligation Refunding Bond Series 2014A to advance refund \$3,470,000 of the General Obligation Bond Series 2008 and currently refund \$3,750,000 of the General Obligation Refunding Bond Series 2004D. The transaction resulted in an economic gain of \$641,835 and a reduction of \$720,817 in future debt service payments. The refunded Series 2008 Bonds will be called and redeemed on December 1, 2015.

On December 9, 2014, the Village issued \$7,265,000 Taxable General Obligation Refunding Bond Series 2014B to currently refund \$7,125,000 Taxable General Obligation Bond Series 2009B. The transaction resulted in an economic gain of \$815,369 and a reduction of \$951,059 in future debt service payments.

e. Noncommitment Debt

Special Service Area Bonds outstanding as of the date of this report totaled \$5,775,000. 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
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
TOTAL	\$ 5,775,000	\$ 5,649,075

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

5. LONG-TERM DEBT (Continued)

f. Tax Increment Financing Redevelopment Note Disclosures

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

g. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2014 was as follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General obligation bonds	\$ 85,483,105	\$ 10,985,000	\$ 16,958,240	\$ 79,509,865	\$ 6,979,865
TIF notes	111,664	-	6,099	105,565	-
Net pension obligation*	921,620	247,503	-	1,169,123	-
Net OPEB obligation*	1,030,961	390,455	-	1,421,416	-
Compensated absences*	2,145,520	722,839	183,779	2,684,580	536,920
Total	89,692,870	12,345,797	17,148,118	84,890,549	7,516,785
Less deferred amounts					
Unamortized bond discount	(52,945)	-	(5,480)	(47,465)	-
Unamortized bond premium	702,160	212,225	169,280	745,105	-
Total deferred amounts	649,215	212,225	163,800	697,640	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 90,342,085	\$ 12,558,022	\$ 17,311,918	\$ 85,588,189	\$ 7,516,785

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

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

5. LONG-TERM DEBT (Continued)

g. Changes in Long-Term Liabilities (Continued)

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
BUSINESS-TYPE ACTIVITIES					
General obligation bonds					
Water Fund	\$ 1,050,100	\$ -	\$ 271,280	\$ 778,820	\$ 428,820
Sewer Fund	9,326,795	3,625,000	4,185,480	8,766,315	826,315
General obligation capital appreciation bonds					
Water Fund	5,862,156	304,985	1,629,500	4,537,641	2,929,500
Sewer Fund	240,681	12,526	65,500	187,707	65,500
Compensated absences					
Water Fund	100,985	24,484	12,189	113,280	22,660
Sewer Fund	18,150	5,942	2,287	21,805	4,365
Total	16,598,867	3,972,937	6,166,236	14,405,568	4,277,160
Less deferred amounts					
Unamortized bond discount	(18,760)	-	(1,260)	(17,500)	-
Unamortized bond premium	214,320	29,085	32,040	211,365	-
Total deferred amounts	195,560	29,085	30,780	193,865	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 16,794,427	\$ 4,002,022	\$ 6,197,016	\$ 14,599,433	\$ 4,277,160

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.

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

6. RISK MANAGEMENT (Continued)

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

	Medical Benefits	Workers' Compensation	General Liability	Totals
UNPAID CLAIMS, DECEMBER 31, 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
UNPAID CLAIMS, DECEMBER 31, 2013	251,500	1,122,215	236,920	1,610,635
Claims incurred – 2014	3,545,500	644,910	128,260	4,318,670
Claims payments – 2014	3,527,000	481,160	179,175	4,187,335
UNPAID CLAIMS, DECEMBER 31, 2014	\$ 270,000	\$ 1,285,965	\$ 186,005	\$ 1,741,970

7. CONTINGENT LIABILITIES

a. Litigation

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

b. Grants

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

7. CONTINGENT LIABILITIES (Continued)

c. Northwest Water Commission (NWWC)

The Village has committed to purchase water from NWWC. The Village expects to pay approximately \$3,017,460 through December 31, 2015. 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 2015 is \$1,407,486. This is based on an estimated tipping fee of \$58.15 per ton for 24,204.41 tons.

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.

8. JOINT VENTURES (Continued)

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

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

Revenues of the system consist of 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 \$1,374,094 to SWANCC during the year. The payments have been recorded in the Refuse Collection Fund. The Village does not have an equity interest in SWANCC at the date of this report.

Northwest Water Commission (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.

8. JOINT VENTURES (Continued)

Northwest Water Commission (NWWC) (Continued)

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 \$2,879,255 to NWWC during the year. The Village's equity interest in NWWC was \$11,768,890 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)

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	Major governmental Downtown TIF	\$ 221,961
General	Rand Road Corridor TIF	47,439
Major governmental General	Nonmajor governmental Rand/Lake Cook TIF	43,615
General	Special Police Grant	16,198
Fiduciary Police Pension	Major governmental General	12,632
Firefighters' Pension	General	13,416
TOTAL		<u>\$ 355,261</u>

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

- The amounts payable to the General Fund are for short-term cash loans at year end. The amounts will be repaid within one year.
- The amounts 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	<u>\$ 4,782,920</u>

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

- This advance to the Downtown TIF Fund from the General Fund relates to financing various redevelopment projects. Repayment is not expected within one year.

9. INDIVIDUAL FUND DISCLOSURES (Continued)

c. Transfers

During the year, the following transfers were made:

- \$138,910 from the Capital Improvement Fund to the General Fund
- \$36,500 from the Refuse Collection Fund to the General Fund
- \$32,498 from the General Fund to the Fire Grant Fund
- \$83,287 from the Village Hall Renovation Fund to the Fire Grant Fund
- \$126,500 from the Water Fund to the Capital Equipment Acquisition Fund
- \$126,500 from the Sewer Fund to the Capital Equipment Acquisition Fund
- \$100,000 from the Refuse Collection Fund to the Capital Improvement Fund
- \$11,090 from the Capital Improvement Fund to the Fleet Services Fund
- \$2,750,000 from the General Fund to the Village Hall Renovation Fund
- \$2,000,000 from the Debt Service Fund to the Village Hall Renovation Fund
- \$2,750,000 from the Capital Equipment Acquisition Fund to the Village Hall Renovation Fund
- \$2,940,000 from the Capital Improvement Fund to the Village Hall Renovation Fund
- \$30,345 from the Police Facility Construction Fund to the Village Hall Renovation Fund
- \$750,000 from the Refuse Collection Fund to the Village Hall Renovation Fund
- \$500,000 from the Motor Vehicle Parking System Fund to the Village Hall Renovation Fund

These transfers were for reimbursement of certain costs and to close the Police 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.

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	64
Active employees	
Fully eligible to retire	38
Not yet fully eligible to retire	244
	<hr/>
TOTAL	346
	<hr/>
Participating employers	1
	<hr/>

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

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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
2012	\$ 279,920	\$ 135,226	48.30%	\$ 868,556
2013	390,341	227,937	58.40%	1,030,961
2014	730,925	340,470	46.58%	1,421,416

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

Annual required contribution	\$ 724,052
Interest on net OPEB obligation	41,238
Adjustment to annual required contribution	<u>(34,365)</u>
Annual OPEB cost	730,925
Contributions made	<u>(340,470)</u>
Change in net OPEB obligation	390,455
Net OPEB obligation, beginning of year	<u>1,030,961</u>
NET OPEB OBLIGATION, END OF YEAR	<u><u>\$ 1,421,416</u></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)	\$ 9,984,783
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 9,984,783
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 24,864,761
UAAL as a percentage of covered payroll	40.16%

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

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

In the December 31, 2014 actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included 4.0% investment rate of return and an 7.5% initial healthcare cost trend rate with an ultimate healthcare inflation rate of 5.5%. 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, 2014 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 Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports on the pension plans. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained online at www.imrf.org.

a. Plan Descriptions

Illinois Municipal Retirement Fund (IMRF)

Benefits Provided

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. 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 contribution and required employer contribution for 2014 was 13.25% of covered payroll.

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Employees Retirement System (PPERS)

Plan Administration

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 PPERS as a pension trust fund.

The PPERS is governed by a five-member Board of Trustees. Two members of the Board are appointed by the Village's Mayor, one member is elected by pension beneficiaries, and two members are elected by active police employees.

Plan Membership

At December 31, 2014, the measurement date, membership consisted of:

Inactive plan members currently receiving benefits	60
Inactive plan members entitled to but not yet receiving benefits	-
Employees	
Vested	84
Nonvested	24
	<hr/>
TOTAL	168
	<hr/>

Benefits Provided

The following is a summary of benefits of the PPERS as provided for in ILCS:

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Employees Retirement System (PPERS) (Continued)

Benefits Provided (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 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Employees Retirement System (PPERS) (Continued)

Contributions

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. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year ended December 31, 2014, the Village's contribution was 29.34% of covered payroll.

Investment Policy

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Employees Retirement System (PPERS) (Continued)

Investment Policy (Continued)

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed income	35.0%	1.48%
Equities		
Large Cap	39.5%	8.5%
Mid Cap	1.5%	9.1%
Small Cap	6.0%	9.7%
International	10.5%	8.4%
Real estate	3.5%	7.6%
High Yield Bond Fund	4.0%	7.4%

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

The long-term expected rate of return on the PPERS' investments was determined using an asset allocation study conducted by the PPERS' investment management consultant in December 2014, in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the PPERS' target asset allocation as of the date of this report are listed in the table above.

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Employees Retirement System (PPERS) (Continued)

Investment Valuations

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market process at December 31 for debt securities, equity securities, mutual funds, and contract values for insurance contracts. Illinois Funds, an investment pool created by the state legislature under the control of the State Treasurer, is a money market mutual fund that maintains a \$1 per share value.

Investment Concentrations

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

Investment Rate of Return

For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.45%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the PPERS' deposits may not be returned to it. The PPERS' investment policy does not require collateralization; however, all deposits at the date of this report are covered by Federal Depository Insurance.

Interest Rate Risk

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Employees Retirement System (PPERS) (Continued)

Interest Rate Risk (Continued)

Investment Type	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 6,022,617	\$ 97,326	\$ 1,573,650	\$ 782,901	\$ 3,568,740
U.S. agency obligations	1,353,683	202,482	774,605	-	376,596
Corporate bonds	12,824,981	647,413	5,678,988	5,701,077	797,503
Municipal bonds	748,135	70,452	160,079	253,080	264,524
TOTAL	\$ 20,949,416	\$ 1,017,673	\$ 8,187,322	\$ 6,737,058	\$ 5,007,363

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

Credit Risk

The PPERS limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government, and investment grade corporate bonds which are rated in the top three classes by a national rating agency.

Custodial Credit Risk

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Employees Retirement System (PPERS) (Continued)

Net Pension Liability

The components of the net pension liability of the PPERS as of the date of this report calculated in accordance with GASB Statement No. 67 were as follows:

Total pension liability	\$ 103,713,646
Plan fiduciary net position	62,236,359
Village's net pension liability	41,477,287
Plan fiduciary net position as a percentage of the total pension liability	60.01%

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation using the following actuarial methods and assumptions as of the date of this report.

Actuarial valuation date	December 31, 2014
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	3.0%
Salary increases	4.5%
Interest rate	7.5%
Cost of living adjustments	3.0%
Asset valuation method	Market

Mortality rates were based on the RP-2000 CHBCA Mortality Table. The actuarial assumptions used in the December 31, 2014, valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Employees Retirement System (PPERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rate. Based on those assumptions, the PPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on PPERS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 7.50%, as well as, what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 56,200,451	\$ 41,476,795	\$ 29,351,229

Firefighters' Pension Employees Retirement System (FPERS)

Plan Administration

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 FPERS as a pension trust fund.

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

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

Plan Administration (Continued)

The FPERS is governed by a five-member Board of Trustees. Two members of the Board are appointed by the Village's Mayor, one member is elected by pension beneficiaries, and two members are elected by active police employees.

Plan Membership

At December 31, 2014, the measurement date, membership consisted of:

Inactive plan members currently receiving benefits	63
Inactive plan members entitled to but not yet receiving benefits	
Employees	
Vested	60
Nonvested	31
	<hr/>
TOTAL	154
	<hr/>

Benefits Provided

The following is a summary of benefits of the FPERS as provided for in ILCS:

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.

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

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

Benefits Provided (Continued)

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

Contributions

Employees are required by ILCS 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 contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year ended December 31, 2014, the Village's contribution was 38.51% of covered payroll.

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

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

Investment Policy

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

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed income	35%	5.19%
Equities		
Large Cap	28%	9.81%
Small Cap	4%	12.90%
World Equity	16%	11.79%
Emerging Markets	4%	14.25%
High Yield Bond Fund	7%	8.48%
Emerging Markets Debt Fund	6%	9.95%

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

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

Investment Policy (Continued)

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

The long-term expected rate of return on the FPERS' investments was determined using an asset allocation study conducted by the FPERS' investment management consultant in December 2014, in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the FPERS' target asset allocation as of the date of this report are listed in the table above.

Investment Valuations

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market process at December 31 for debt securities, equity securities, mutual funds, and contract values for insurance contracts. Illinois Funds, an investment pool created by the state legislature under the control of the State Treasurer, is a money market mutual fund that maintains a \$1 per share value.

Investment Concentrations

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

Investment Rate of Return

For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.5%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

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

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the FPERS' deposits may not be returned to it. The FPERS' investment policy does not require collateralization; however, all deposits at the date of this report are covered by Federal Depositary Insurance.

Interest Rate Risk

The following table presents the investments and maturities of the FPERS' 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	\$ 14,615,594	\$ -	\$ 9,284,920	\$ 5,330,674	\$ -
U.S. agency obligations	1,303,402	-	1,291,136	12,266	-
Corporate bonds	4,264,660	-	2,504,017	1,760,643	-
TOTAL	\$ 20,183,656	\$ -	\$ 13,080,073	\$ 7,103,583	\$ -

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

Credit Risk

The FPERS limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government, and investment grade corporate bonds which are rated in the top three classes by a national rating agency.

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

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

Custodial Credit Risk

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

Net Pension Liability

The components of the net pension liability of the FPERS as of the date of this report calculated in accordance with GASB Statement No. 67 were as follows:

Total pension liability	\$96,614,199
Plan fiduciary net position	59,625,410
Village's net pension liability	36,988,789
Plan fiduciary net position as a percentage of the total pension liability	61.71%

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation using the following actuarial methods and assumptions as of the date of this report.

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

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

Actuarial Assumptions (Continued)

Actuarial valuation date	December 31, 2014
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	3.0%
Salary increases	4.5%
Interest rate	7.5%
Cost of living adjustments	3.0%
Asset valuation method	Market

Mortality rates were based on the RP-2000 Mortality Table (BCA, +1M, -4F, 2x>105). The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rate. Based on those assumptions, the FPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on FPERS investments was applied to all periods of projected benefit payments to determine the total pension liability.

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

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

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 7.50%, as well as, what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 49,332,616	\$ 36,988,789	\$ 26,678,076

b. Significant Investments

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 PPERS or FPERS. Information for IMRF is not available.

c. Annual Pension Costs

Employer contributions have been determined as follows:

	IMRF	PPERS	FPERS
Actuarial valuation date	December 31, 2012	December 31, 2013	December 31, 2013
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

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Annual Pension Costs (Continued)

	IMRF	PPERS	FPERS
Amortization period	29 Years, Open	26 Years, Closed	26 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%

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.

	Fiscal Year	IMRF	PPERS	FPERS
Annual pension cost (APC)	2012	\$ 1,311,221	\$ 3,004,711	\$ 2,986,904
	2013	1,366,121	2,955,862	3,101,888
	2014	1,363,493	3,045,527	3,251,118
Actual contribution	2012	\$ 1,311,221	\$ 3,016,974	\$ 2,876,372
	2013	1,366,121	2,969,877	2,958,027
	2014	1,363,493	2,951,135	3,098,007
Percentage of APC contributed	2012	100.00%	100.41%	96.30%
	2013	100.00%	100.47%	95.36%
	2014	100.00%	96.90%	95.29%
NPO (asset)	2012	\$ -	\$ 322,145	\$ 469,629
	2013	-	308,130	613,490
	2014	-	402,522	766,601

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Annual Pension Costs (Continued)

The net pension obligation as of the date of this report has been calculated as follows:

	IMRF	PPERS	FPERS
Annual required contribution	\$ 1,363,493	\$ 3,038,973	\$ 3,238,069
Interest on net pension obligation	-	23,110	46,012
Adjustment to annual required contributions	-	(16,556)	(32,963)
Annual pension cost	1,363,493	3,045,527	3,251,118
Contributions made	1,363,493	2,951,135	3,098,007
Increase in net pension obligation	-	94,392	153,111
Net pension obligation, beginning of year	-	308,130	613,490
NET PENSION OBLIGATION, END OF YEAR	\$ -	\$ 402,522	\$ 766,601

The NPO is reported as a liability in the Village's governmental activities column in the government-wide financial statements.

d. Funded Status

The funded status of the plans as of the date of this report, based on actuarial valuations performed as of the same date, is as follows. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer APC of the plans as disclosed in Note 9c:

	IMRF	PPERS	FPERS
Actuarial valuation date	December 31, 2014	December 31, 2014	December 31, 2014
Actuarial accrued liability (AAL)	\$ 38,258,354	\$ 103,713,646	\$ 96,614,199
Actuarial value of plan assets	29,825,728	62,236,851	59,625,410
Unfunded actuarial accrued liability (UAAL)	8,432,626	41,476,795	36,988,789
Funded ratio (actuarial value of plan assets/AAL)	77.96%	60.01%	61.71%
Covered payroll (active plan members)	\$ 10,290,515	\$ 10,057,662	\$ 8,744,586
UAAL as a percentage of covered payroll	81.95%	412.39%	422.99%

See the schedules of funding progress, presented in the required supplementary information immediately following the notes to financial statements, for additional information related to the funded status.

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

12. PENSION TRUST FUNDS

a. Schedule of Net Position

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and cash equivalents	\$ 692,271	\$ 156,201	\$ 848,472
Investments			
U.S. Treasury securities	6,022,617	14,615,594	20,638,211
U.S. agency securities	1,353,683	1,303,402	2,657,085
Corporate and international bonds	12,824,981	4,264,660	17,089,641
Municipal bonds	748,135	-	748,135
Money market mutual funds	506,976	543,369	1,050,345
Equities	39,936,958	38,619,485	78,556,443
Receivables			
Accrued interest	138,106	109,283	247,389
Due from general fund	12,632	13,416	26,048
Total assets	62,236,359	59,625,410	121,861,769
LIABILITIES			
None	-	-	-
Total liabilities	-	-	-
NET POSITION	\$ 62,236,359	\$ 59,625,410	\$ 121,861,769

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

12. PENSION TRUST FUNDS (Continued)

b. Schedule of Changes in Net Position

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 2,951,135	\$ 3,098,007	\$ 6,049,142
Employee	1,356,475	836,025	2,192,500
Miscellaneous	243	-	243
Total contributions	4,307,853	3,934,032	8,421,885
Investment income			
Net appreciation in fair value of investments	3,056,465	1,337,737	4,394,202
Interest income	1,527,403	1,304,346	2,831,749
Less investment expense	(297,263)	(171,351)	(468,614)
Net investment income	4,286,605	2,470,732	6,757,337
Total additions	8,594,458	6,404,764	14,999,222
DEDUCTIONS			
Administrative	34,045	22,954	56,999
Pension benefits and refunds	3,315,139	4,046,416	7,361,555
Total deductions	3,349,184	4,069,370	7,418,554
CHANGE IN NET POSITION	5,245,274	2,335,394	7,580,668
NET POSITION			
January 1	56,991,085	57,290,016	114,281,101
December 31	\$ 62,236,359	\$ 59,625,410	\$ 121,861,769

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

13. PRIOR PERIOD ADJUSTMENTS

As of December 31, 2014, the beginning net position/fund balances for the following funds and activities were restated as follows:

	<u>General Fund</u>		<u>Entity-wide Statement of Activities Governmental Activities</u>	
Net position/fund balance as previously reported	\$	22,158,670	\$	174,420,458
Restatement of accrued revenue		609,750		609,750
Net position/fund balance as restated	\$	22,768,420	\$	175,030,208

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, 2014

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 25,721,650	\$ 25,721,650	\$ 25,864,623
Licenses and permits	2,620,000	2,620,000	3,081,336
Intergovernmental	18,020,445	18,035,445	18,899,416
Charges for services	3,052,100	3,052,100	3,494,656
Fines and forfeits	1,316,900	1,316,900	1,365,125
Investment income	250,000	250,000	273,846
Miscellaneous	120,600	126,850	209,354
Total revenues	51,101,695	51,122,945	53,188,356
EXPENDITURES			
General government	6,298,390	6,144,975	5,690,050
Public safety	38,144,010	38,382,857	37,982,977
Public works	6,568,405	6,988,386	6,769,212
Total expenditures	51,010,805	51,516,218	50,442,239
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	90,890	(393,273)	2,746,117
OTHER FINANCING SOURCES (USES)			
Transfers in	-	175,410	175,410
Transfers (out)	-	(2,782,500)	(2,782,498)
Total other financing sources (uses)	-	(2,607,090)	(2,607,088)
NET CHANGE IN FUND BALANCE	\$ 90,890	\$ (3,000,363)	139,029
FUND BALANCE, JANUARY 1 - AS RESTATED			22,768,420
FUND BALANCE, DECEMBER 31			\$ 22,907,449

(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, 2014

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Incremental property taxes	\$ 6,000,000	\$ 6,000,000	\$ 4,775,941
Intergovernmental			
Build america bond interest rebate	136,475	136,475	126,579
Investment income	4,000	4,000	14,006
Miscellaneous			
Reimbursements	-	-	79,041
Total revenues	6,140,475	6,140,475	4,995,567
EXPENDITURES			
Economic development			
Supplies and services	60,000	59,780	8,558
Project expenditures	137,000	878,175	766,608
Capital outlay			
Buildings and facilities	20,000	99,066	64,028
Rights of way improvements	20,000	57,399	57,439
Street improvements	100,000	1,901,412	1,034,220
Water system	117,000	117,000	81,520
Debt service			
Principal retirement	3,883,000	3,883,000	3,871,099
Interest	1,429,630	1,429,630	1,429,628
Fiscal charges	5,250	42,620	39,305
Total expenditures	5,771,880	8,468,082	7,352,405
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	368,595	(2,327,607)	(2,356,838)
OTHER FINANCING SOURCES (USES)			
Refunding bonds, issued at par	-	3,720,000	3,720,000
Bond premium	-	86,765	86,765
Payment to refunded bond escrow agent	-	(3,767,395)	(3,767,390)
Total other financing sources (uses)	-	39,370	39,375
NET CHANGE IN FUND BALANCE	\$ 368,595	\$ (2,288,237)	(2,317,463)
FUND BALANCE, JANUARY 1			5,812,646
FUND BALANCE, DECEMBER 31			\$ 3,495,183

(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, 2014

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Incremental property taxes	\$ 2,500,000	\$ 2,500,000	\$ 2,090,192
Investment income	1,500	1,500	15
Total revenues	2,501,500	2,501,500	2,090,207
EXPENDITURES			
Economic development			
Supplies and services	60,000	60,000	9,370
Project expenditures	390,000	390,000	337,400
Capital outlay			
Rights of way improvements	-	2,379	2,379
Street improvements	250,000	2,936	2,936
Debt service			
Principal retirement	995,000	995,000	995,000
Interest	837,505	837,505	837,498
Fiscal charges	2,250	81,715	79,797
Total expenditures	2,534,755	2,369,535	2,264,380
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(33,255)	131,965	(174,173)
OTHER FINANCING SOURCES (USES)			
Refunding bonds, issued at par	-	7,265,000	7,265,000
Bond premium	-	125,460	125,460
Payment to refunded bond escrow agent	-	(7,308,995)	(7,308,995)
Total other financing sources (uses)	-	81,465	81,465
NET CHANGE IN FUND BALANCE	\$ (33,255)	\$ 213,430	(92,708)
FUND BALANCE, JANUARY 1			8,737,183
FUND BALANCE, DECEMBER 31			\$ 8,644,475

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2014

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
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%
2014	29,825,728	38,258,354	77.96%	8,432,626	10,290,515	81.95%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

December 31, 2014

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
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%
2014	62,236,851	103,713,646	60.01%	41,476,795	10,057,662	412.39%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
FIREFIGHTERS' PENSION FUND

December 31, 2014

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
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%
2014	59,625,410	96,614,199	61.71%	36,988,789	8,744,586	422.99%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS PLAN

December 31, 2014

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
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 ¹	-	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 ¹	-	5,329,063	0.00%	5,329,063	27,369,373	19.47%
2014	-	9,984,783	0.00%	9,984,783	24,864,761	40.16%

¹ Results from prior year.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2014

Calendar Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2014	1,363,493	1,363,493	100.00%

(See independent auditor's report.)

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VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

Last Ten Fiscal Years

Fiscal Year	2005	2006	2007	2008
Actuarially determined contribution	\$ 1,057,997	\$ 1,044,267	\$ 1,380,059	\$ 1,677,795
Contributions in relation to the actuarially determined contribution	1,177,460	1,094,984	1,368,869	1,792,538
CONTRIBUTION DEFICIENCY (EXCESS)	\$ (119,463)	\$ (50,717)	\$ 11,190	\$ (114,743)
Covered-employee payroll	\$ 7,230,372	\$ 7,384,968	\$ 8,322,977	\$ 8,476,021
Contributions as a percentage of covered-employee payroll	16.28%	14.83%	16.45%	21.15%

The information directly above is formatted to comply with the requirements of GASB Statement No. 67.

Calendar Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2014	2,951,135	3,038,973	97.11%

Notes to the required supplementary information:

The information directly above is presented in accordance with GASB Statement No. 25. The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percentage of pay, closed and the amortization period was 26 years; the asset valuation method was at market value; and the significant actuarial assumptions were an investment rate of return of 7.5% annually, projected salary increases of 4.5% compounded annually, and postretirement benefit increases of 3% compounded annually.

The increase in the actuarially determined contribution from 2009 to 2010 is the combination of investment losses and the decrease of the assumed interest rate from 8.0% to 7.75%.

(See independent auditor's report.)

2009	2010	2011	2012	2013	2014
\$ 1,697,492	\$ 2,685,568	\$ 2,775,424	\$ 2,996,776	\$ 2,948,599	\$ 3,038,973
1,839,264	2,685,585	3,450,128	3,016,974	2,969,877	2,951,135
\$ (141,772)	\$ (17)	\$ (674,704)	\$ (20,198)	\$ (21,278)	\$ 87,838
\$ 8,915,082	\$ 9,332,860	\$ 9,749,554	\$ 9,823,321	\$ 10,117,378	\$ 10,057,662
20.63%	28.78%	35.39%	30.71%	29.35%	29.34%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND

Last Ten Fiscal Years

Fiscal Year	2005	2006	2007	2008
Actuarially determined contribution	\$ 820,813	\$ 934,767	\$ 1,066,636	\$ 1,165,413
Contributions in relation to the actuarially determined contribution	916,008	986,399	1,062,061	1,417,474
CONTRIBUTION DEFICIENCY (EXCESS)	\$ (95,195)	\$ (51,632)	\$ 4,575	\$ (252,061)
Covered-employee payroll	\$ 6,501,891	\$ 6,826,186	\$ 7,161,378	\$ 7,451,465
Contributions as a percentage of covered-employee payroll	14.09%	14.45%	14.83%	19.02%

The information directly above is formatted to comply with the requirements of GASB Statement No. 67.

Calendar Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2009	\$ 1,259,881	\$ 1,167,796	107.89%
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%
2014	3,098,007	3,238,069	95.67%

Notes to the required supplementary information:

The information directly above is presented in accordance with GASB Statement No. 25. The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percentage of pay, closed and the amortization period was 26 years; the asset valuation method was at market value; and the significant actuarial assumptions were an investment rate of return of 7.5% annually, projected salary increases of 4.5% compounded annually, and postretirement benefit increases of 3% compounded annually.

The increase in the actuarially determined contribution from 2009 to 2010 is the combination of investment losses and the decrease of the assumed interest rate from 8.0% to 7.75%.

(See independent auditor's report.)

2009	2010	2011	2012	2013	2014
\$ 1,167,796	\$ 2,065,574	\$ 2,698,315	\$ 2,978,383	\$ 3,091,300	\$ 3,238,069
1,259,881	2,032,916	2,600,219	2,876,372	2,958,027	3,098,007
\$ (92,085)	\$ 32,658	\$ 98,096	\$ 102,011	\$ 133,273	\$ 140,062
\$ 7,608,618	\$ 7,280,109	\$ 7,723,119	\$ 8,000,569	\$ 8,408,325	\$ 8,744,586
16.56%	27.92%	33.67%	35.95%	35.18%	35.43%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS PLAN

December 31, 2014

Calendar Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2014	340,470	724,052	47.02%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION FUND

For the Year Ended December 31, 2014

TOTAL PENSION LIABILITY

Service cost	\$ 2,128,244
Interest	6,641,984
Changes to benefit terms	-
Differences between expected and actual experience	2,900,261
Changes of assumptions	5,140,944
Benefit payments, including refunds of member contributions	<u>(3,315,139)</u>

Net change in total pension liability 13,496,294

Total pension liability

Beginning	<u>90,217,352</u>
Ending	<u>\$ 103,713,646</u>

PLAN FIDUCIARY NET POSITION

Contributions - Employer	\$ 2,951,135
Contributions - Member	1,356,475
Miscellaneous income	243
Net investment income	4,286,605
Benefit payments, including refunds of member contributions	(3,315,139)
Administrative expense	<u>(34,045)</u>

Net change in plan fiduciary net position 5,245,274

Plan net position

Beginning	<u>56,991,085</u>
Ending	<u>\$ 62,236,359</u>

EMPLOYER'S NET PENSION LIABILITY \$ 41,477,287

Plan fiduciary net position

as a percentage of the total pension liability 60.01%

Covered-employee payroll \$ 10,057,662

Employer's net pension liability

as a percentage of covered-employee payroll 412.39%

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' PENSION FUND

For the Year Ended December 31, 2014

TOTAL PENSION LIABILITY

Service cost	\$ 2,175,704
Interest	6,540,584
Changes to benefit terms	-
Differences between expected and actual experience	(62,429)
Changes of assumptions	2,775,760
Benefit payments, including refunds of member contributions	<u>(4,046,416)</u>

Net change in total pension liability	7,383,203
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Total pension liability

Beginning	<u>89,230,996</u>
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Ending	<u>\$ 96,614,199</u>
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PLAN FIDUCIARY NET POSITION

Contributions - Employer	\$ 3,098,007
Contributions - Member	836,025
Net investment income	2,470,732
Benefit payments, including refunds of member contributions	(4,046,416)
Administrative expense	<u>(22,954)</u>

Net change in plan fiduciary net position	2,335,394
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Plan net position

Beginning	<u>57,290,016</u>
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Ending	<u>\$ 59,625,410</u>
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EMPLOYER'S NET PENSION LIABILITY

	<u>\$ 36,988,789</u>
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Plan fiduciary net position

as a percentage of the total pension liability	61.71%
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Covered-employee payroll

\$ 8,744,586

Employer's net pension liability

as a percentage of covered-employee payroll	422.99%
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See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF INVESTMENT RETURNS

December 31, 2014

Annual money-weighted rate of return, net of investment expense.

Calendar Year	Police Pension Fund	Firefighters' Pension Fund
2014	7.45%	4.50%

(See independent auditor's report.)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2014

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
Dundee Road TIF Fund	\$ 2,002,992	\$ 2,002,993
Special Police Grant Fund	55,000	69,108
Refuse Collection Fund	4,552,090	4,553,742

Combining and Individual Fund Financial Statements and Schedules

Nonmajor Governmental Funds

VILLAGE OF PALATINE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2014

	Special Revenue	Capital Projects	Total Nonmajor Governmental
ASSETS			
Cash and investments	\$ 5,506,022	\$ 6,956,274	\$ 12,462,296
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	3,892	-	3,892
Due from other governments	192,861	425,245	618,106
Accrued interest	-	4,775	4,775
TOTAL ASSETS	\$ 5,702,775	\$ 7,386,294	\$ 13,089,069
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 72,254	\$ 135,092	\$ 207,346
Accrued payroll	4,018	-	4,018
Due to other funds	59,813	-	59,813
Unearned revenue	-	9,250	9,250
Total liabilities	136,085	144,342	280,427
FUND BALANCES			
Restricted for streets and highways	1,465,780	-	1,465,780
Restricted for public safety	770,368	-	770,368
Restricted for economic development	3,374,157	-	3,374,157
Unrestricted			
Assigned for capital projects	-	7,241,952	7,241,952
Unassigned	(43,615)	-	(43,615)
Total fund balances	5,566,690	7,241,952	12,808,642
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,702,775	\$ 7,386,294	\$ 13,089,069

(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, 2014

	Special Revenue	Capital Projects	Total Nonmajor Governmental
REVENUES			
Taxes	\$ 2,622,455	\$ 2,697,042	\$ 5,319,497
Intergovernmental	2,902,922	305,843	3,208,765
Charges for services	-	306,867	306,867
Fines and forfeits	28,929	-	28,929
Investment income	1,261	16,983	18,244
Miscellaneous	248	8,995	9,243
Total revenues	5,555,815	3,335,730	8,891,545
EXPENDITURES			
Current			
Public safety	229,556	-	229,556
Economic development	2,278,550	-	2,278,550
Capital outlay	2,207,501	3,872,661	6,080,162
Total expenditures	4,715,607	3,872,661	8,588,268
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	840,208	(536,931)	303,277
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	-	211,418	211,418
Transfers in	115,785	353,000	468,785
Transfers (out)	-	(5,870,345)	(5,870,345)
Total other financing sources (uses)	115,785	(5,305,927)	(5,190,142)
NET CHANGE IN FUND BALANCES	955,993	(5,842,858)	(4,886,865)
FUND BALANCE, JANUARY 1	4,610,697	13,084,810	17,695,507
FUND BALANCE, DECEMBER 31	\$ 5,566,690	\$ 7,241,952	\$ 12,808,642

(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, 2014

	Motor Fuel Tax	Community Development Block Grant	Federal Equitable Sharing	State Equitable Sharing	DUI Fines
ASSETS					
Cash and investments	\$ 1,293,135	\$ -	\$ 442,424	\$ 104,469	\$ 189,129
Receivables					
Property taxes	-	-	-	-	-
Due from other governments	172,645	-	-	-	-
TOTAL ASSETS	\$ 1,465,780	\$ -	\$ 442,424	\$ 104,469	\$ 189,129
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 72,254
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	72,254
FUND BALANCES					
Restricted for streets and highways	1,465,780	-	-	-	-
Restricted for public safety	-	-	442,424	104,469	116,875
Restricted for economic development	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	1,465,780	-	442,424	104,469	116,875
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,465,780	\$ -	\$ 442,424	\$ 104,469	\$ 189,129

(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
\$ 106,600	\$ 3,006,544	\$ 363,721	\$ -	\$ -	\$ -	\$ 5,506,022
-	3,892	-	-	-	-	3,892
-	-	-	-	-	20,216	192,861
\$ 106,600	\$ 3,010,436	\$ 363,721	\$ -	\$ -	\$ 20,216	\$ 5,702,775
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,254
-	-	-	-	-	4,018	4,018
-	-	-	43,615	-	16,198	59,813
-	-	-	43,615	-	20,216	136,085
-	-	-	-	-	-	1,465,780
106,600	-	-	-	-	-	770,368
-	3,010,436	363,721	-	-	-	3,374,157
-	-	-	(43,615)	-	-	(43,615)
106,600	3,010,436	363,721	(43,615)	-	-	5,566,690
\$ 106,600	\$ 3,010,436	\$ 363,721	\$ -	\$ -	\$ 20,216	\$ 5,702,775

(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, 2014

	Motor Fuel Tax	Community Development Block Grant	Federal Equitable Sharing	State Equitable Sharing	DUI Fines
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,333,673	139,087	35,688	44,315	-
Fines and forfeits	-	-	-	-	28,929
Investment income	108	-	6	-	-
Miscellaneous	-	-	-	-	-
Total revenues	2,333,781	139,087	35,694	44,315	28,929
EXPENDITURES					
Current					
Public safety	-	-	10,864	2,370	79,129
Economic development	-	135,550	-	-	-
Capital outlay	1,862,754	3,537	-	-	-
Total expenditures	1,862,754	139,087	10,864	2,370	79,129
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	471,027	-	24,830	41,945	(50,200)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCE	471,027	-	24,830	41,945	(50,200)
FUND BALANCE (DEFICIT), JANUARY 1	994,753	-	417,594	62,524	167,075
FUND BALANCE (DEFICIT), DECEMBER 31	\$ 1,465,780	\$ -	\$ 442,424	\$ 104,469	\$ 116,875

(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
\$ -	\$ 2,357,036	\$ 265,419	\$ -	\$ -	\$ -	\$ 2,622,455
77,120	-	-	-	203,931	69,108	2,902,922
-	-	-	-	-	-	28,929
75	907	165	-	-	-	1,261
248	-	-	-	-	-	248
77,443	2,357,943	265,584	-	203,931	69,108	5,555,815
64,586	-	-	-	3,499	69,108	229,556
-	1,978,000	165,000	-	-	-	2,278,550
-	24,993	-	-	316,217	-	2,207,501
64,586	2,002,993	165,000	-	319,716	69,108	4,715,607
12,857	354,950	100,584	-	(115,785)	-	840,208
-	-	-	-	115,785	-	115,785
-	-	-	-	115,785	-	115,785
12,857	354,950	100,584	-	-	-	955,993
93,743	2,655,486	263,137	(43,615)	-	-	4,610,697
\$ 106,600	\$ 3,010,436	\$ 363,721	\$ (43,615)	\$ -	\$ -	\$ 5,566,690

(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, 2014

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Motor fuel tax allotment	\$ 1,907,000	\$ 1,907,000	\$ 2,333,673
Investment income	250	250	108
Total revenues	1,907,250	1,907,250	2,333,781
EXPENDITURES			
Capital outlay			
Street improvements	1,884,990	1,903,100	1,862,754
Total expenditures	1,884,990	1,903,100	1,862,754
NET CHANGE IN FUND BALANCE	\$ 22,260	\$ 4,150	471,027
FUND BALANCE, JANUARY 1			994,753
FUND BALANCE, DECEMBER 31			\$ 1,465,780

(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, 2014

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental Grants	\$ 388,787	\$ 388,787	\$ 139,087
Total revenues	388,787	388,787	139,087
EXPENDITURES			
Economic development			
Administrative fees - General Fund	77,750	77,750	77,750
Social service agencies	57,800	57,800	57,800
Capital outlay			
Rights of way improvements	253,237	256,775	3,537
Total expenditures	388,787	392,325	139,087
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, 2014

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Grants	\$ 20,000	\$ 20,000	\$ 35,688
Investment income	-	-	6
Total revenues	20,000	20,000	35,694
EXPENDITURES			
Public safety			
Police			
Supplies and services	20,000	20,000	10,864
Total expenditures	20,000	20,000	10,864
NET CHANGE IN FUND BALANCE	\$ -	\$ -	24,830
FUND BALANCE, JANUARY 1			417,594
FUND BALANCE, DECEMBER 31			\$ 442,424

(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, 2014

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Grants	\$ 5,000	\$ 5,000	\$ 44,315
Total revenues	5,000	5,000	44,315
EXPENDITURES			
Public safety			
Police			
Supplies and services	5,000	5,000	2,370
Total expenditures	5,000	5,000	2,370
NET CHANGE IN FUND BALANCE	\$ -	\$ -	41,945
FUND BALANCE, JANUARY 1			62,524
FUND BALANCE, DECEMBER 31			\$ 104,469

(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, 2014

	Original Budget	Final Budget	Actual
REVENUES			
Fines and forfeits			
DUI fines	\$ 50,000	\$ 50,000	\$ 28,929
Total revenues	50,000	50,000	28,929
EXPENDITURES			
Public safety			
Police			
Supplies and services	5,000	84,380	79,129
Total expenditures	5,000	84,380	79,129
NET CHANGE IN FUND BALANCE	<u>\$ 45,000</u>	<u>\$ (34,380)</u>	(50,200)
FUND BALANCE, JANUARY 1			<u>167,075</u>
FUND BALANCE, DECEMBER 31			<u>\$ 116,875</u>

(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, 2014

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Foreign fire tax	\$ 70,000	\$ 70,000	\$ 77,120
Investment income	-	-	75
Miscellaneous			
Other	-	-	248
Total revenues	70,000	70,000	77,443
EXPENDITURES			
Public safety			
Fire			
Supplies and services	70,000	70,000	64,586
Total expenditures	70,000	70,000	64,586
NET CHANGE IN FUND BALANCE	\$ -	\$ -	12,857
FUND BALANCE, JANUARY 1			93,743
FUND BALANCE, DECEMBER 31			\$ 106,600

(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, 2014

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Incremental property taxes	\$ 2,636,400	\$ 2,636,400	\$ 2,357,036
Investment income	1,000	1,000	907
Total revenues	2,637,400	2,637,400	2,357,943
EXPENDITURES			
Economic development			
Surplus distribution	1,978,000	1,978,000	1,978,000
Capital outlay			
Rights of way improvements	90,000	3,743	3,744
Street improvements	130,000	21,249	21,249
Total expenditures	2,198,000	2,002,992	2,002,993
NET CHANGE IN FUND BALANCE	\$ 439,400	\$ 634,408	354,950
FUND BALANCE, JANUARY 1			2,655,486
FUND BALANCE, DECEMBER 31			\$ 3,010,436

(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, 2014

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Incremental property taxes	\$ 220,000	\$ 220,000	\$ 265,419
Investment income	150	150	165
Total revenues	220,150	220,150	265,584
EXPENDITURES			
Economic development			
Surplus distribution	165,000	165,000	165,000
Total expenditures	165,000	165,000	165,000
NET CHANGE IN FUND BALANCE	<u>\$ 55,150</u>	<u>\$ 55,150</u>	100,584
FUND BALANCE, JANUARY 1			<u>263,137</u>
FUND BALANCE, DECEMBER 31			<u>\$ 363,721</u>

(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, 2014

	Original Budget	Final Budget	Actual
REVENUES			
None	\$ -	\$ -	\$ -
Total revenues	-	-	-
EXPENDITURES			
None	-	-	-
Total expenditures	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-
FUND BALANCE (DEFICIT), JANUARY 1			<u>(43,615)</u>
FUND BALANCE (DEFICIT), DECEMBER 31			<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, 2014

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental Grants	\$ -	\$ 220,913	\$ 203,931
Total revenues	-	220,913	203,931
EXPENDITURES			
Public safety Fire			
Supplies and services	-	3,500	3,499
Capital outlay Technology	-	333,200	316,217
Total expenditures	-	336,700	319,716
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(115,787)	(115,785)
OTHER FINANCING SOURCES			
Transfers in	-	115,787	115,785
Total other financing sources	-	115,787	115,785
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-
FUND BALANCE, JANUARY 1			-
FUND BALANCE, DECEMBER 31			\$ -

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Grants	\$ -	\$ 55,000	\$ 69,108
Total revenues	-	55,000	69,108
EXPENDITURES			
Public safety			
Police			
Personnel	-	55,000	67,018
Supplies and services	-	-	2,090
Total expenditures	-	55,000	69,108
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-
FUND BALANCE, JANUARY 1			-
FUND BALANCE, DECEMBER 31			\$ -

(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.

VILLAGE OF PALATINE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS

December 31, 2014

	Capital Equipment Acquisition	Capital Improvement	Police Facility Construction	Total
ASSETS				
Cash and investments	\$ 3,050,997	\$ 3,905,277	\$ -	\$ 6,956,274
Receivables				
Due from other governments	141,745	283,500	-	425,245
Accrued interest	2,005	2,770	-	4,775
TOTAL ASSETS	\$ 3,194,747	\$ 4,191,547	\$ -	\$ 7,386,294
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 80,451	\$ 54,641	\$ -	\$ 135,092
Unearned revenue	9,250	-		9,250
Total liabilities	89,701	54,641	-	144,342
FUND BALANCES				
Unrestricted				
Assigned for capital projects	3,105,046	4,136,906	-	7,241,952
Total fund balances	3,105,046	4,136,906	-	7,241,952
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,194,747	\$ 4,191,547	\$ -	\$ 7,386,294

(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, 2014

	Capital Equipment Acquisition	Capital Improvement	Police Facility Construction	Total
REVENUES				
Taxes	\$ 635,511	\$ 2,061,531	\$ -	\$ 2,697,042
Intergovernmental	305,843	-	-	305,843
Charges for services	225,864	81,003	-	306,867
Investment income	6,819	10,164	-	16,983
Miscellaneous	8,995	-	-	8,995
Total revenues	1,183,032	2,152,698	-	3,335,730
EXPENDITURES				
Capital outlay	2,739,076	1,125,492	8,093	3,872,661
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,556,044)	1,027,206	(8,093)	(536,931)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	211,418	-	-	211,418
Transfers in	253,000	100,000	-	353,000
Transfers (out)	(2,750,000)	(3,090,000)	(30,345)	(5,870,345)
Total other financing sources (uses)	(2,285,582)	(2,990,000)	(30,345)	(5,305,927)
NET CHANGE IN FUND BALANCE	(3,841,626)	(1,962,794)	(38,438)	(5,842,858)
FUND BALANCE, JANUARY 1	6,946,672	6,099,700	38,438	13,084,810
FUND BALANCE, DECEMBER 31	\$ 3,105,046	\$ 4,136,906	\$ -	\$ 7,241,952

(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, 2014

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Telecommunication	\$ 939,985	\$ 939,985	\$ 635,511
Intergovernmental			
TIF Rebate	269,160	269,160	278,303
Grants	-	-	27,540
Charges for services			
Rental income	241,090	241,090	225,864
Investment income	3,500	3,500	6,819
Miscellaneous			
Donations	-	8,995	8,995
Total revenues	1,453,735	1,462,730	1,183,032
EXPENDITURES			
Capital outlay			
Technology	241,390	439,333	256,608
Vehicles and equipment	1,589,300	2,509,008	2,482,468
Total expenditures	1,830,690	2,948,341	2,739,076
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(376,955)	(1,485,611)	(1,556,044)
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	50,000	94,000	211,418
Transfers in	253,000	253,000	253,000
Transfers (out)	-	(2,750,000)	(2,750,000)
Total other financing sources (uses)	303,000	(2,403,000)	(2,285,582)
NET CHANGE IN FUND BALANCE	\$ (73,955)	\$ (3,888,611)	(3,841,626)
FUND BALANCE, JANUARY 1			6,946,672
FUND BALANCE, DECEMBER 31			\$ 3,105,046

(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, 2014

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Telecommunication	\$ 1,284,820	\$ 1,284,820	\$ 1,271,031
Electric utility use tax	790,500	790,500	790,500
Intergovernmental			
Grants	61,355	61,355	-
Charges for services			
50/50 cost sharing programs	-	-	49,653
Other charges for services	-	-	31,350
Investment income	3,500	3,500	10,164
Total revenues	2,140,175	2,140,175	2,152,698
EXPENDITURES			
Capital outlay			
Buildings and facilities	25,000	42,561	17,561
Rights of way improvements	625,000	564,861	538,499
Street improvements	787,825	575,986	569,432
Total expenditures	1,437,825	1,183,408	1,125,492
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	702,350	956,767	1,027,206
OTHER FINANCING SOURCES (USES)			
Transfers in	100,000	100,000	100,000
Transfers (out)	-	(3,090,000)	(3,090,000)
Total other financing sources (uses)	100,000	(2,990,000)	(2,990,000)
NET CHANGE IN FUND BALANCE	\$ 802,350	\$ (2,033,233)	(1,962,794)
FUND BALANCE, JANUARY 1			6,099,700
FUND BALANCE, DECEMBER 31			\$ 4,136,906

(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, 2014

	Original Budget	Final Budget	Actual
REVENUES			
None	\$ -	\$ -	\$ -
Total revenues	-	-	-
EXPENDITURES			
Capital outlay			
Buildings and structures	-	8,360	8,093
Total expenditures	-	8,360	8,093
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(8,360)	(8,093)
OTHER FINANCING SOURCES (USES)			
Transfers (out)	-	(30,345)	(30,345)
Total other financing sources (uses)	-	(30,345)	(30,345)
NET CHANGE IN FUND BALANCE	\$ -	\$ (38,705)	(38,438)
FUND BALANCE, JANUARY 1			38,438
FUND BALANCE, DECEMBER 31			\$ -

(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, 2014

	Fleet Services	Health Insurance	Casualty and Liability Insurance	Total
CURRENT ASSETS				
Cash and investments	\$ 385,803	\$ 3,989,925	\$ 4,347,731	\$ 8,723,459
Receivables				
Other	24,712	-	-	24,712
Accrued interest	-	10,840	10,045	20,885
Prepaid items	-	60,325	-	60,325
Inventories	197,115	-	-	197,115
Total current assets	607,630	4,061,090	4,357,776	9,026,496
CURRENT LIABILITIES				
Accounts payable	130,561	515,285	8,555	654,401
Accrued payroll	19,157	-	-	19,157
Claims payable	-	270,000	1,471,970	1,741,970
Unearned revenue	-	5,332	-	5,332
Compensated absences payable	6,110	-	-	6,110
Total current liabilities	155,828	790,617	1,480,525	2,426,970
LONG-TERM LIABILITIES				
Compensated absences payable	24,425	-	-	24,425
Total liabilities	180,253	790,617	1,480,525	2,451,395
NET POSITION				
Unrestricted	427,377	3,270,473	2,877,251	6,575,101
TOTAL NET POSITION	\$ 427,377	\$ 3,270,473	\$ 2,877,251	\$ 6,575,101

(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, 2014

	Fleet Services	Health Insurance	Casualty and Liability Insurance	Total
OPERATING REVENUES				
Intergovernmental	\$ 12,954	\$ -	\$ -	\$ 12,954
Charges for services	2,011,272	6,392,307	1,501,200	9,904,779
Miscellaneous	16,336	-	29,867	46,203
Total operating revenues	2,040,562	6,392,307	1,531,067	9,963,936
OPERATING EXPENSES				
Costs of sales and services	2,002,770	6,197,019	1,313,338	9,513,127
Total operating expenses	2,002,770	6,197,019	1,313,338	9,513,127
OPERATING INCOME (LOSS)	37,792	195,288	217,729	450,809
NONOPERATING REVENUES (EXPENSES)				
Investment income	-	20,032	16,584	36,616
Total nonoperating revenues (expenses)	-	20,032	16,584	36,616
NET INCOME BEFORE TRANSFERS	37,792	215,320	234,313	487,425
Transfers in	11,090	-	-	11,090
CHANGE IN NET POSITION	48,882	215,320	234,313	498,515
NET POSITION, JANUARY 1	378,495	3,055,153	2,642,938	6,076,586
NET POSITION, DECEMBER 31	\$ 427,377	\$ 3,270,473	\$ 2,877,251	\$ 6,575,101

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2014

	Fleet Services	Health Insurance	Casualty and Liability Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 264,703	\$ 1,127,018	\$ 29,867	\$ 1,421,588
Receipts from interfund services transactions	1,775,995	5,267,335	1,501,200	8,544,530
Payments to suppliers	(1,257,096)	(6,135,167)	(1,194,248)	(8,586,511)
Payments to employees	(770,185)	-	-	(770,185)
Net cash from operating activities	13,417	259,186	336,819	609,422
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	11,090	-	-	11,090
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
None	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	-	11,392	9,819	21,211
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,507	270,578	346,638	641,723
CASH AND CASH EQUIVALENTS, JANUARY 1	361,296	3,719,347	4,001,093	8,081,736
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 385,803</u>	<u>\$ 3,989,925</u>	<u>\$ 4,347,731</u>	<u>\$ 8,723,459</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 37,792	\$ 195,288	\$ 217,729	\$ 450,809
Adjustments to reconcile operating income to net cash from operating activities				
(Increase) decrease in				
Other receivables	136	-	-	136
Prepaid items	-	325	-	325
Inventories	(31,110)	-	-	(31,110)
Increase (decrease) in				
Accounts payable	(235)	43,027	6,255	49,047
Accrued payroll	1,884	-	-	1,884
Claims payable	-	18,500	112,835	131,335
Unearned revenue	-	2,046	-	2,046
Compensated absences payable	4,950	-	-	4,950
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 13,417</u>	<u>\$ 259,186</u>	<u>\$ 336,819</u>	<u>\$ 609,422</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, 2014

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Intergovernmental			
Gasoline tax rebate	\$ 14,750	\$ 14,750	\$ 12,954
Charges for services			
Vehicle maintenance	2,032,995	2,032,995	2,011,272
Miscellaneous			
Recoveries and refunds	10,000	10,000	12,937
Other	-	-	3,399
Total operating revenues	2,057,745	2,057,745	2,040,562
OPERATING EXPENSES			
Costs of sales and services			
Public works			
Personnel	770,120	781,210	777,019
Supplies and services	1,215,820	1,288,570	1,225,751
Total operating expenses	1,985,940	2,069,780	2,002,770
OPERATING INCOME (LOSS)	71,805	(12,035)	37,792
NONOPERATING REVENUES (EXPENSES)			
Investment income	100	100	-
NET INCOME BEFORE TRANSFERS	71,905	(11,935)	37,792
Transfers in	-	11,090	11,090
CHANGE IN NET POSITION	\$ 71,905	\$ (845)	48,882
NET POSITION, JANUARY 1			378,495
NET POSITION, DECEMBER 31			\$ 427,377

(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, 2014

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Insurance fees and premiums			
Retiree	\$ 545,900	\$ 545,900	\$ 623,838
COBRA	-	-	7,225
Employee	513,130	513,130	493,909
Employer	5,387,240	5,393,590	5,267,335
Total operating revenues	6,446,270	6,452,620	6,392,307
OPERATING EXPENSES			
Costs of sales and services			
Administration	432,910	433,065	355,823
Insurance claims	6,219,380	6,216,525	5,841,196
Total operating expenses	6,652,290	6,649,590	6,197,019
OPERATING INCOME (LOSS)	(206,020)	(196,970)	195,288
NONOPERATING REVENUES (EXPENSES)			
Investment income	7,500	7,500	20,032
CHANGE IN NET POSITION	\$ (198,520)	\$ (189,470)	215,320
NET POSITION, JANUARY 1			3,055,153
NET POSITION, DECEMBER 31			\$ 3,270,473

(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, 2014

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Insurance fees and premiums	\$ 1,501,200	\$ 1,501,200	\$ 1,501,200
Miscellaneous			
Reimbursements	-	-	29,867
Total operating revenues	1,501,200	1,501,200	1,531,067
OPERATING EXPENSES			
Costs of sales and services			
Administration	108,985	108,985	100,191
Insurance claims	1,665,330	1,665,330	1,213,147
Total operating expenses	1,774,315	1,774,315	1,313,338
OPERATING INCOME (LOSS)	(273,115)	(273,115)	217,729
NONOPERATING REVENUES (EXPENSES)			
Investment income	5,000	5,000	16,584
CHANGE IN NET POSITION	\$ (268,115)	\$ (268,115)	234,313
NET POSITION, JANUARY 1			2,642,938
NET POSITION, DECEMBER 31			\$ 2,877,251

(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.

VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS

December 31, 2014

	Pension Trust		Total	
	Police	Firefighters'	Pension	Agency
	Pension	Pension	Trust	Funds
ASSETS				
Cash and cash equivalents	\$ 692,271	\$ 156,201	\$ 848,472	\$ 1,410,500
Investments				
U.S. Treasury securities	6,022,617	14,615,594	20,638,211	-
U.S. agency securities	1,353,683	1,303,402	2,657,085	-
Corporate and international bonds	12,824,981	4,264,660	17,089,641	-
Municipal bonds	748,135	-	748,135	-
Money market mutual funds	506,976	543,369	1,050,345	-
Equities	39,936,958	38,619,485	78,556,443	-
Receivables				
Property taxes	-	-	-	588,450
Accrued interest	138,106	109,283	247,389	-
Due from general fund	12,632	13,416	26,048	-
Prepaid items	-	-	-	3,000
TOTAL ASSETS	62,236,359	59,625,410	121,861,769	\$ 2,001,950
LIABILITIES				
Accounts payable	-	-	-	1,171
Other liabilities	-	-	-	1,110,390
Due to bondholders	-	-	-	890,389
TOTAL LIABILITIES	-	-	-	\$ 2,001,950
NET POSITION				
Held in trust for pension benefits	<u>\$ 62,236,359</u>	<u>\$ 59,625,410</u>	<u>\$ 121,861,769</u>	

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUNDS

For the Year Ended December 31, 2014

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 2,951,135	\$ 3,098,007	\$ 6,049,142
Employee	1,356,475	836,025	2,192,500
Miscellaneous income	243	-	243
Total contributions	4,307,853	3,934,032	8,241,885
Investment earnings			
Net increase in the fair value of investments	3,056,465	1,337,737	4,394,202
Interest	1,527,403	1,304,346	2,831,749
Total investment earnings	4,583,868	2,642,083	7,225,951
Less investment expense	(297,263)	(171,351)	(468,614)
Net investment earnings	4,286,605	2,470,732	6,757,337
Total additions	8,594,458	6,404,764	14,999,222
DEDUCTIONS			
Administration	34,045	22,954	56,999
Benefits and refunds			
Retirement benefits	3,315,139	3,974,156	7,289,295
Refunds of contributions	-	72,260	72,260
Total deductions	3,349,184	4,069,370	7,418,554
CHANGE IN NET POSITION	5,245,274	2,335,394	7,580,668
NET POSITION			
January 1	56,991,085	57,290,016	114,281,101
December 31	\$ 62,236,359	\$ 59,625,410	\$ 121,861,769

(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, 2014

	Original Budget	Final Budget	Actual
ADDITIONS			
Contributions			
Employer	\$ 2,948,600	\$ 2,948,600	\$ 2,951,135
Employee	1,018,945	1,018,945	1,356,475
Miscellaneous income	-	-	243
Total contributions	3,967,545	3,967,545	4,307,610
Investment earnings			
Net increase in the fair value of investments	-	-	3,056,465
Interest	750,000	750,000	1,527,403
Total investment earnings	750,000	750,000	4,583,868
Less investment expense	(320,000)	(320,000)	(297,263)
Net investment earnings	430,000	430,000	4,286,605
Total additions	4,397,545	4,397,545	8,594,458
DEDUCTIONS			
Administration	41,650	41,650	34,045
Benefits and refunds			
Retirement benefits	2,880,000	3,323,620	3,315,139
Refunds of contributions	75,000	75,000	-
Total deductions	2,996,650	3,440,270	3,349,184
CHANGE IN NET POSITION	\$ 1,400,895	\$ 957,275	5,245,274
NET POSITION			
January 1			56,991,085
December 31			\$ 62,236,359

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual
ADDITIONS			
Contributions			
Employer	\$ 3,091,300	\$ 3,091,300	\$ 3,098,007
Employee	851,380	851,380	836,025
Total contributions	3,942,680	3,942,680	3,934,032
Investment earnings			
Net increase in the fair value of investments	-	-	1,337,737
Interest	750,000	750,000	1,304,346
Total investment earnings	750,000	750,000	2,642,083
Less investment expense	(225,000)	(225,000)	(171,351)
Net investment earnings	525,000	525,000	2,470,732
Total additions	4,467,680	4,467,680	6,404,764
DEDUCTIONS			
Administration	25,750	31,400	22,954
Benefits and refunds			
Retirement benefits	4,167,000	4,167,000	3,974,156
Refunds of contributions	70,000	70,000	72,260
Total deductions	4,262,750	4,268,400	4,069,370
CHANGE IN NET POSITION	\$ 204,930	\$ 199,280	2,335,394
NET POSITION			
January 1			57,290,016
December 31			\$ 59,625,410

(See independent auditor's report.)

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VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended December 31, 2014

	Balances				Balances
	January 1	Additions	Deletions		December 31
TOTAL AGENCY FUNDS					
ASSETS					
Cash and cash equivalents	\$ 1,335,826	\$ 980,752	\$ 906,078	\$	1,410,500
Receivables					
Property taxes	639,996	588,450	639,996		588,450
Prepaid items	-	3,000	-		3,000
TOTAL ASSETS	\$ 1,975,822	\$ 1,572,202	\$ 1,546,074	\$	2,001,950
LIABILITIES					
Accounts payable	\$ -	\$ 1,171	\$ -	\$	1,171
Other liabilities	1,124,277	943,738	957,625		1,110,390
Due to bondholders	851,545	627,293	588,449		890,389
TOTAL LIABILITIES	\$ 1,975,822	\$ 1,572,202	\$ 1,546,074	\$	2,001,950
Special Service Areas Fund					
ASSETS					
Cash and cash equivalents	\$ 824,095	\$ 624,293	\$ 538,203	\$	910,185
Receivables					
Property taxes	639,996	588,450	639,996		588,450
Prepaid items	-	3,000	-		3,000
TOTAL ASSETS	\$ 1,464,091	\$ 1,215,743	\$ 1,178,199	\$	1,501,635
LIABILITIES					
Other liabilities	\$ 612,546	\$ 588,450	\$ 589,750	\$	611,246
Due to bondholders	851,545	627,293	588,449		890,389
TOTAL LIABILITIES	\$ 1,464,091	\$ 1,215,743	\$ 1,178,199	\$	1,501,635

(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, 2014

	Balances				Balances	
	January 1	Additions	Deletions		December 31	
Letter of Credit Escrow Fund						
ASSETS						
Cash and cash equivalents	\$ 426,273	\$ 18,727	\$ 18,919	\$	426,081	
TOTAL ASSETS	\$ 426,273	\$ 18,727	\$ 18,919	\$	426,081	
LIABILITIES						
Accounts payable	\$ -	\$ 1,171	\$ -	\$	1,171	
Other liabilities	426,273	17,556	18,919		424,910	
TOTAL LIABILITIES	\$ 426,273	\$ 18,727	\$ 18,919	\$	426,081	
Section 125 Fund						
ASSETS						
Cash and cash equivalents	\$ 85,458	\$ 337,732	\$ 348,956	\$	74,234	
TOTAL ASSETS	\$ 85,458	\$ 337,732	\$ 348,956	\$	74,234	
LIABILITIES						
Other liabilities	\$ 85,458	\$ 337,732	\$ 348,956	\$	74,234	
TOTAL LIABILITIES	\$ 85,458	\$ 337,732	\$ 348,956	\$	74,234	

(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, 2014

	Original Budget	Final Budget	Actual
TAXES			
Property tax			
Police protection	\$ 4,792,975	\$ 4,792,975	\$ 4,772,946
Fire protection	4,792,975	4,792,975	4,776,090
FICA	2,325,000	2,325,000	2,314,219
IMRF	1,275,000	1,275,000	1,270,799
Police pension	2,948,600	2,948,600	2,951,135
Fire pension	3,091,300	3,091,300	3,098,007
Home rule sales tax	4,230,800	4,230,800	4,471,298
Food and beverage tax	1,125,000	1,125,000	1,119,180
Motel occupancy tax	140,000	140,000	190,464
Electric utility use tax	1,000,000	1,000,000	900,485
Total taxes	25,721,650	25,721,650	25,864,623
LICENSES AND PERMITS			
Professional and occupational	230,000	230,000	223,395
Liquor licenses	320,000	320,000	331,878
Rental dwelling licenses	260,000	260,000	325,879
Building permits and fees	459,000	459,000	760,110
Vehicle licenses	1,200,000	1,200,000	1,181,776
Other licenses and permits	151,000	151,000	258,298
Total licenses and permits	2,620,000	2,620,000	3,081,336
INTERGOVERNMENTAL			
State sales tax	7,982,485	7,982,485	8,782,197
State income tax	6,500,000	6,500,000	6,563,909
Local use tax	1,181,700	1,181,700	1,278,963
Township road and bridge tax	749,100	749,100	721,097
Fire protection district reimbursement	652,000	652,000	571,144
Police consultant - schools	575,060	575,060	575,060
State highway maintenance	142,300	142,300	141,364
Personal property replacement tax	112,300	112,300	119,130
Grants	30,000	30,000	28,871
Other intergovernmental	95,500	110,500	117,681
Total intergovernmental	18,020,445	18,035,445	18,899,416

(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, 2014

	Original Budget	Final Budget	Actual
CHARGES FOR SERVICES			
Cable TV franchise fees	\$ 874,500	\$ 874,500	\$ 880,098
Plan review fees	175,000	175,000	243,319
Inspection fees	215,000	215,000	340,491
Special police service	118,200	118,200	123,362
Special fire service	23,900	23,900	14,642
Ambulance fees	1,175,000	1,175,000	1,296,383
Vehicle impound fees	225,000	225,000	209,000
Streetfest revenue	175,000	175,000	154,610
Rental income	18,000	18,000	155,100
Other charges for services	52,500	52,500	77,651
Total charges for services	3,052,100	3,052,100	3,494,656
FINES AND FORFEITS			
Circuit court fines	240,000	240,000	321,283
Parking fines	125,000	125,000	151,611
Compliance fines	200,000	200,000	230,410
Red light violation fines	725,000	725,000	629,141
Adjudication and other fines	26,900	26,900	32,680
Total fines and forfeits	1,316,900	1,316,900	1,365,125
INVESTMENT INCOME	250,000	250,000	273,846
MISCELLANEOUS			
Recoveries and refunds	90,000	90,000	90,688
Reimbursements	25,000	26,660	22,633
Donations	-	4,590	5,890
Other	5,600	5,600	90,143
Total miscellaneous	120,600	126,850	209,354
TOTAL REVENUES	<u>\$ 51,101,695</u>	<u>\$ 51,122,945</u>	<u>\$ 53,188,356</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT			
Mayor and council			
Personnel	\$ 205,730	\$ 205,730	\$ 189,169
Supplies and services	44,020	41,873	37,781
Boards and commissions			
Personnel	2,375	2,375	1,137
Supplies and services	57,080	86,802	80,174
Village clerk			
Personnel	185,300	187,120	185,316
Supplies and services	18,875	18,875	10,448
Village manager			
Personnel	839,785	858,290	811,009
Supplies and services	310,420	385,420	346,791
Finance and operations			
Personnel	659,545	666,845	642,971
Supplies and services	453,950	453,950	346,503
Legal			
Personnel	71,355	77,975	77,831
Supplies and services	450,000	443,640	342,536
Human resources			
Personnel	619,070	332,535	326,710
Supplies and services	47,645	44,687	36,681
Planning and zoning			
Personnel	517,860	528,655	490,264
Supplies and services	9,400	9,400	5,236
Information technology			
Personnel	901,230	902,065	893,349
Supplies and services	236,300	230,288	197,694
Liability insurance			
Supplies and services	1,425,200	1,425,200	1,425,200
Less administrative fees			
CDBG Fund	(77,750)	(77,750)	(77,750)
Waterworks fund	(145,000)	(145,000)	(145,000)
Sewerage fund	(368,000)	(368,000)	(368,000)
Refuse fund	(57,000)	(57,000)	(57,000)
Motor Vehicle Parking System fund	(109,000)	(109,000)	(109,000)
Total general government	6,298,390	6,144,975	5,690,050

(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, 2014

	Original Budget	Final Budget	Actual
PUBLIC SAFETY			
Community services			
Personnel	\$ 1,661,015	\$ 1,666,405	\$ 1,611,294
Supplies and services	164,290	175,866	161,679
Police			
Personnel	18,661,520	18,752,780	18,464,172
Supplies and services	1,515,765	1,546,953	1,528,805
Fire			
Personnel	15,337,615	15,434,215	15,444,433
Supplies and services	803,805	806,638	772,594
Total public safety	38,144,010	38,382,857	37,982,977
PUBLIC WORKS			
Engineering			
Personnel	394,845	400,260	396,861
Supplies and services	22,810	22,810	19,236
Public works			
Personnel	3,763,890	3,915,247	3,782,844
Supplies and services	2,386,860	2,650,069	2,570,271
Total public works	6,568,405	6,988,386	6,769,212
TOTAL EXPENDITURES	\$ 51,010,805	\$ 51,516,218	\$ 50,442,239

(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, 2014

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property tax	\$ 2,588,505	\$ 2,588,505	\$ 2,631,219
Intergovernmental			
Build america bond interest rebate	540,010	540,010	500,862
Investment income	2,500	2,500	2,614
Total revenues	3,131,015	3,131,015	3,134,695
EXPENDITURES			
Debt service			
Principal retirement	1,223,240	1,223,240	1,223,240
Interest	1,905,275	1,905,275	1,905,265
Fiscal charges	3,500	3,500	3,236
Total expenditures	3,132,015	3,132,015	3,131,741
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,000)	(1,000)	2,954
OTHER FINANCING SOURCES (USES)			
Transfers (out)	-	(2,000,000)	(2,000,000)
Total other financing sources (uses)	-	(2,000,000)	(2,000,000)
NET CHANGE IN FUND BALANCE	\$ (1,000)	\$ (2,001,000)	(1,997,046)
FUND BALANCE, JANUARY 1			2,192,428
FUND BALANCE, DECEMBER 31			\$ 195,382

(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, 2014

	Original Budget	Final Budget	Actual
REVENUES			
Investment income	\$ -	\$ 436	\$ 475
Total revenues	-	436	475
EXPENDITURES			
Capital outlay			
Buildings and facilities	-	853,989	853,988
Total expenditures	-	853,989	853,988
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(853,553)	(853,513)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	11,720,345	11,720,345
Transfers (out)	-	(83,287)	(83,287)
Total other financing sources (uses)	-	11,637,058	11,637,058
NET CHANGE IN FUND BALANCE	\$ -	\$ 10,783,505	10,783,545
FUND BALANCE, JANUARY 1			3,259,283
FUND BALANCE, DECEMBER 31			\$ 14,042,828

(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, 2014

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services	\$ 11,226,000	\$ 11,239,266	\$ 10,242,329
Miscellaneous	35,000	35,000	35,275
Total operating revenues	11,261,000	11,274,266	10,277,604
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Costs of sales and services	7,903,490	7,666,134	6,948,649
Administrative fees - General Fund	145,000	145,000	145,000
Total operating expenses excluding depreciation	8,048,490	7,811,134	7,093,649
OPERATING INCOME BEFORE DEPRECIATION	3,212,510	3,463,132	3,183,955
DEPRECIATION	-	-	735,490
OPERATING INCOME	3,212,510	3,463,132	2,448,465
NONOPERATING REVENUES (EXPENSES)			
Investment income	1,000	1,000	9,987
Interest and fiscal charges	(1,363,720)	(344,420)	(333,732)
Income (Expense) from joint venture	-	-	(72,520)
Total nonoperating revenues (expenses)	(1,362,720)	(343,420)	(396,265)
NET INCOME BEFORE TRANSFERS	1,849,790	3,119,712	2,052,200
Transfers (out)	(126,500)	(126,500)	(126,500)
CHANGE IN NET POSITION	\$ 1,723,290	\$ 2,993,212	1,925,700
NET POSITION, JANUARY 1			25,047,443
NET POSITION, DECEMBER 31			\$ 26,973,143

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING REVENUES - BUDGET AND ACTUAL
WATERWORKS FUND

For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Water use fees			
Resident	\$ 8,464,000	\$ 8,464,000	\$ 7,600,325
Nonresident	2,160,000	2,173,266	1,833,227
Water penalties			
Resident	50,000	50,000	56,769
Nonresident	9,000	9,000	10,595
User charge			
Resident	456,000	456,000	459,413
Nonresident	27,000	27,000	26,897
System development surcharge	15,000	15,000	72,857
Water extension fee	15,000	15,000	73,635
Water connection fees	10,000	10,000	32,437
Water meter sales	10,000	10,000	56,097
Water turn-on/service fees	10,000	10,000	20,077
Total charges for services	11,226,000	11,239,266	10,242,329
Miscellaneous - reimbursements	35,000	35,000	35,275
TOTAL OPERATING REVENUES	\$ 11,261,000	\$ 11,274,266	\$ 10,277,604

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
WATERWORKS FUND

For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual
OPERATING EXPENSES			
Costs of sales and services			
Finance and operations			
Personnel	\$ 501,655	\$ 515,950	\$ 467,186
Supplies and services	180,350	180,350	163,629
Liability insurance			
Supplies and services	38,000	38,000	38,000
Engineering			
Personnel	108,850	109,515	109,997
Public works			
Personnel	1,013,840	1,035,880	992,124
Supplies and services	841,460	795,601	680,380
Water purchase			
Northwest Water Commission	2,958,290	2,958,290	2,646,538
Capital projects			
Technology	75,000	125,000	63,044
Buildings and facilities	10,000	14,870	14,189
Water system	2,176,045	2,218,778	2,099,662
Less: Nonoperating			
Fixed assets capitalized	-	(326,100)	(326,100)
Total costs of sales and services	7,903,490	7,666,134	6,948,649
Administrative fees - General Fund	145,000	145,000	145,000
TOTAL OPERATING EXPENSES	\$ 8,048,490	\$ 7,811,134	\$ 7,093,649

(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, 2014

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services	\$ 3,425,600	\$ 3,425,600	\$ 3,421,370
Miscellaneous	250	250	297,016
Total operating revenues	3,425,850	3,425,850	3,718,386
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Costs of sales and services	1,768,605	1,328,935	1,047,424
Administrative fees - General Fund	368,000	368,000	368,000
Total operating expenses excluding depreciation	2,136,605	1,696,935	1,415,424
OPERATING INCOME BEFORE DEPRECIATION	1,289,245	1,728,915	2,302,962
DEPRECIATION	-	-	1,227,465
OPERATING INCOME	1,289,245	1,728,915	1,075,497
NONOPERATING REVENUES (EXPENSES)			
Investment income	1,000	1,000	7,401
Interest and fiscal charges	(419,260)	(422,000)	(398,347)
Total nonoperating revenues (expenses)	(418,260)	(421,000)	(390,946)
NET INCOME BEFORE TRANSFERS	870,985	1,307,915	684,551
Transfers (out)	(126,500)	(126,500)	(126,500)
CHANGE IN NET POSITION	\$ 744,485	\$ 1,181,415	558,051
NET POSITION, JANUARY 1			19,368,024
NET POSITION, DECEMBER 31			\$ 19,926,075

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING REVENUES - BUDGET AND ACTUAL
SEWERAGE FUND

For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Sewer use fees			
Resident	\$ 1,797,230	\$ 1,797,230	\$ 1,795,912
Nonresident	314,170	314,170	310,571
Sewer penalties			
Resident	27,500	27,500	24,831
Nonresident	2,000	2,000	1,816
Sewer connection fees	6,000	6,000	13,949
Surcharges			
Sewer separation	131,000	131,000	144,242
Fair Meadows	1,700	1,700	1,816
Flood control	1,146,000	1,146,000	1,124,330
50/50 sewer extension	-	-	2,400
Detention Fees	-	-	1,503
Total charges for services	3,425,600	3,425,600	3,421,370
Miscellaneous - reimbursements	250	250	297,016
TOTAL OPERATING REVENUES	\$ 3,425,850	\$ 3,425,850	\$ 3,718,386

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
SEWERAGE FUND

For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual
OPERATING EXPENSES			
Costs of sales and services			
Liability insurance			
Supplies and services	\$ 38,000	\$ 38,000	\$ 38,000
Engineering			
Personnel	128,105	128,890	130,081
Public works			
Personnel	550,125	549,340	470,643
Supplies and services	187,375	184,410	159,455
Capital projects			
Flood control	645,000	1,400,953	1,224,047
Less: Nonoperating			
Fixed assets capitalized	-	(1,030,635)	(1,030,635)
Sanitary sewer	220,000	608,037	605,893
Less: Nonoperating			
Fixed assets capitalized	-	(550,060)	(550,060)
Total costs of sales and services	1,768,605	1,328,935	1,047,424
Administrative fees - General Fund	368,000	368,000	368,000
TOTAL OPERATING EXPENSES	\$ 2,136,605	\$ 1,696,935	\$ 1,415,424

(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, 2014

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Parking fees	\$ 680,500	\$ 680,500	\$ 711,723
Total operating revenues	680,500	680,500	711,723
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Costs of sales and services	591,660	538,325	482,519
Administrative fees - General Fund	57,000	57,000	57,000
Total operating expenses excluding depreciation	648,660	595,325	539,519
OPERATING INCOME BEFORE DEPRECIATION	31,840	85,175	172,204
DEPRECIATION	-	-	784,080
OPERATING INCOME (LOSS)	31,840	85,175	(611,876)
NONOPERATING REVENUES (EXPENSES)			
Investment income	1,000	1,000	973
NET INCOME (LOSS) BEFORE TRANSFERS	32,840	86,175	(610,903)
Transfers (out)	-	(500,000)	(500,000)
CHANGE IN NET POSITION	\$ 32,840	\$ (413,825)	(1,110,903)
NET POSITION, JANUARY 1			12,695,097
NET POSITION, DECEMBER 31			\$ 11,584,194

(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, 2014

	Original Budget	Final Budget	Actual
OPERATING EXPENSES			
Costs of sales and services			
Finance and operations			
Supplies and services	\$ 58,500	\$ 58,500	\$ 55,182
Public works			
Personnel	3,635	3,635	403
Supplies and services	354,525	331,298	282,043
Capital projects			
Buildings and facilities	175,000	144,892	144,891
Total costs of sales and services	591,660	538,325	482,519
Administrative fees - General Fund	57,000	57,000	57,000
TOTAL OPERATING EXPENSES	\$ 648,660	\$ 595,325	\$ 539,519

(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, 2014

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Refuse billing	\$ 4,578,100	\$ 4,578,100	\$ 4,530,632
Total operating revenues	4,578,100	4,578,100	4,530,632
OPERATING EXPENSES			
Refuse collection	4,443,090	4,443,090	4,444,742
Administrative fees - General Fund	109,000	109,000	109,000
Total operating expenses	4,552,090	4,552,090	4,553,742
OPERATING INCOME (LOSS)	26,010	26,010	(23,110)
NONOPERATING REVENUES (EXPENSES)			
Investment income	2,250	2,250	5,737
NET INCOME (LOSS) BEFORE TRANSFERS	28,260	28,260	(17,373)
Transfers (out)	(100,000)	(886,500)	(886,500)
CHANGE IN NET POSITION	\$ (71,740)	\$ (858,240)	(903,873)
NET POSITION, JANUARY 1			1,948,856
NET POSITION, DECEMBER 31			\$ 1,044,983

(See independent auditor's report.)

Statistical Section

Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have been changed over time.	138 - 147
Revenue Capacity	
These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	148 - 152
Debt Capacity	
These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue debt in the future.	153 - 156
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	157 - 158
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	159 - 160

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	2005	2006	2007	2008
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 100,693,938	\$ 105,405,740	\$ 92,401,441	\$ 101,570,852
Restricted	19,730,260	21,578,252	24,347,626	21,004,875
Unrestricted	15,647,897	14,979,825	35,686,515	24,652,055
TOTAL GOVERNMENTAL ACTIVITIES	\$ 136,072,095	\$ 141,963,817	\$ 152,435,582	\$ 147,227,782
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 26,012,558	\$ 37,479,931	\$ 32,624,663	\$ 38,558,066
Restricted	-	-	-	-
Unrestricted	17,342,996	5,306,733	14,999,979	12,593,058
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 43,355,554	\$ 42,786,664	\$ 47,624,642	\$ 51,151,124
PRIMARY GOVERNMENT				
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
TOTAL PRIMARY GOVERNMENT	\$ 179,427,649	\$ 184,750,481	\$ 200,060,224	\$ 198,378,906

Data Source

Audited Financial Statements

2009	2010	2011	2012	2013	2014
\$ 133,517,262	\$ 133,599,587	\$ 129,862,356	\$ 134,215,974	\$ 140,609,666	\$ 144,374,387
42,399,832	40,641,243	10,854,118	3,233,577	3,600,787	2,236,148
(17,333,619)	(9,711,908)	27,281,648	33,174,261	30,210,005	35,764,493
\$ 158,583,475	\$ 164,528,922	\$ 167,998,122	\$ 170,623,812	\$ 174,420,458	\$ 182,375,028
\$ 38,891,700	\$ 35,931,798	\$ 35,235,617	\$ 43,155,964	\$ 38,430,520	\$ 38,870,993
-	-	-	-	-	-
11,648,072	15,456,420	17,683,868	12,113,363	20,628,900	20,657,402
\$ 50,539,772	\$ 51,388,218	\$ 52,919,485	\$ 55,269,327	\$ 59,059,420	\$ 59,528,395
\$ 172,408,962	\$ 169,531,385	\$ 165,097,973	\$ 177,371,938	\$ 179,040,186	\$ 183,245,380
42,399,832	40,641,243	10,854,118	3,233,577	3,600,787	2,236,148
(5,685,547)	5,744,512	44,965,516	45,287,624	50,838,905	56,421,895
\$ 209,123,247	\$ 215,917,140	\$ 220,917,607	\$ 225,893,139	\$ 233,479,878	\$ 241,903,423

VILLAGE OF PALATINE, ILLINOIS

CHANGES IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	2005	2006	2007
EXPENSES			
Governmental activities			
General government	\$ 6,932,885	\$ 7,346,275	\$ 9,008,572
Public safety	26,321,237	28,713,081	29,416,464
Public works	9,713,501	8,643,238	9,080,835
Economic development	3,743,670	9,779,022	5,943,316
Interest and fiscal charges	3,762,226	4,295,123	4,340,856
Total governmental activities expenses	50,473,519	58,776,739	57,790,043
Business-type activities			
Waterworks	5,862,991	5,692,588	5,876,757
Sewerage	1,716,882	1,788,004	2,468,787
Parking system	1,348,318	1,395,069	1,535,188
Refuse collection	4,137,678	4,006,515	4,178,546
Total business-type activities expenses	13,065,869	12,882,176	14,059,278
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 63,539,388	\$ 71,658,915	\$ 71,849,321
PROGRAM REVENUES			
Governmental activities			
Charges for services			
General government	\$ 4,369,604	\$ 4,379,572	\$ 4,135,624
Public safety	2,231,093	2,518,276	2,810,527
Other activities	194,548	263,374	252,771
Operating grants	2,814,677	2,807,276	2,846,185
Capital grants and contributions	461,311	479,231	880,338
Total governmental activities program revenues	10,071,233	10,447,729	10,925,445
Business-type activities			
Charges for services			
Waterworks	6,329,850	5,934,839	6,471,798
Sewerage	2,169,364	2,257,277	2,681,760
Parking system	607,332	621,311	629,866
Refuse collection	4,043,296	4,083,059	4,403,667
Operating grants	-	-	-
Capital grants and contributions	-	-	-
Total business-type activities program revenues	13,149,842	12,896,486	14,187,091
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 23,221,075	\$ 23,344,215	\$ 25,112,536
NET REVENUE (EXPENSE)			
Governmental activities	\$ (40,402,286)	\$ (48,329,010)	\$ (46,864,598)
Business-type activities	83,973	14,310	127,813
TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)	\$ (40,318,313)	\$ (48,314,700)	\$ (46,736,785)

Data Source

Audited Financial Statements

2008	2009	2010	2011	2012	2013	2014
\$ 9,191,571	\$ 8,314,739	\$ 7,911,734	\$ 8,092,022	\$ 5,687,081	\$ 3,618,746	\$ 6,085,713
31,825,692	33,898,460	35,204,860	37,174,518	39,154,692	39,226,832	40,893,455
13,227,490	10,720,807	10,000,129	11,346,788	10,978,933	14,290,195	12,001,792
17,188,453	1,539,146	6,828,477	7,618,221	7,785,928	5,914,067	3,400,486
3,710,426	3,411,066	4,190,376	4,965,687	4,782,927	4,334,822	4,214,079
75,143,632	57,884,218	64,135,576	69,197,236	68,389,561	67,384,662	66,595,525
6,354,122	6,188,396	6,121,039	7,199,466	6,851,401	7,511,430	8,235,391
3,904,841	3,391,245	3,103,688	3,063,914	3,688,412	3,335,908	3,041,236
1,566,202	1,431,482	1,405,859	1,344,734	1,355,716	1,269,605	1,323,599
4,279,643	4,227,437	4,218,165	4,388,685	4,430,979	4,426,461	4,553,742
16,104,808	15,238,560	14,848,751	15,996,799	16,326,508	16,543,404	17,153,968
\$ 91,248,440	\$ 73,122,778	\$ 78,984,327	\$ 85,194,035	\$ 84,716,069	\$ 83,928,066	\$ 83,749,493
\$ 4,024,203	\$ 4,192,225	\$ 4,129,923	\$ 3,988,510	\$ 3,178,125	\$ 3,684,856	\$ 4,002,813
2,864,677	3,750,916	3,345,737	4,167,979	4,107,608	4,128,702	4,183,645
231,618	259,356	242,032	1,001,900	2,150,261	2,107,948	2,099,120
2,673,508	2,899,524	3,564,551	3,166,903	3,133,237	3,645,430	3,555,697
6,342,160	1,592,266	3,465,779	1,726,883	605,818	315,830	31,077
16,136,166	12,694,287	14,748,022	14,052,175	13,175,049	13,882,766	13,872,352
6,161,045	6,417,950	7,208,992	9,084,694	9,818,910	9,767,730	10,277,604
2,823,386	3,128,333	3,189,687	3,250,125	3,411,343	3,422,980	3,718,386
663,178	630,319	654,485	679,455	678,488	683,780	711,723
4,662,852	4,414,604	4,426,123	4,649,761	4,518,425	4,511,043	4,530,632
-	-	-	12,320	-	-	-
-	4,271	208,347	90,997	448,825	2,177,900	-
14,310,461	14,595,477	15,687,634	17,767,352	18,875,991	20,563,433	19,238,345
\$ 30,446,627	\$ 27,289,764	\$ 30,435,656	\$ 31,819,527	\$ 32,051,040	\$ 34,446,199	\$ 33,110,697
\$ (59,007,466)	\$ (45,189,931)	\$ (49,387,554)	\$ (55,145,061)	\$ (55,214,512)	\$ (53,501,896)	\$ (52,723,173)
(1,794,347)	(643,083)	838,883	1,770,553	2,549,483	4,020,029	2,084,377
\$ (60,801,813)	\$ (45,833,014)	\$ (48,548,671)	\$ (53,374,508)	\$ (52,665,029)	\$ (49,481,867)	\$ (50,638,796)

VILLAGE OF PALATINE, ILLINOIS

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2005	2006	2007
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
Governmental activities			
Taxes			
Property	\$ 24,590,116	\$ 28,324,991	\$ 29,490,106
Home rule sales tax	4,641,188	4,622,302	4,788,068
Telecommunications	2,125,860	2,378,621	2,987,002
Electric utility use	-	-	-
Other	1,361,254	1,438,442	1,449,746
State shared sales taxes	8,633,733	8,965,215	9,160,426
State shared income tax	4,919,232	5,403,355	5,863,302
Other intergovernmental revenues	157,273	156,471	180,129
Investment income	824,104	1,928,010	2,211,847
Miscellaneous	208,006	248,570	214,546
Gain on sale of capital assets	72,191	-	231,191
Transfers	(1,192,800)	754,755	760,000
Total governmental activities	46,340,157	54,220,732	57,336,363
Business-type activities			
Investment income	101,978	238,653	291,401
Income (loss) from joint venture	(40,927)	(89,098)	221,989
Gain on sale of capital assets	11,645	22,000	-
Transfers	1,192,800	(754,755)	(760,000)
Total business-type activities	1,265,496	(583,200)	(246,610)
TOTAL PRIMARY GOVERNMENT	\$ 47,605,653	\$ 53,637,532	\$ 57,089,753
CHANGE IN NET POSITION			
Governmental activities	\$ 5,937,871	\$ 5,891,722	\$ 10,471,765
Business-type activities	1,349,469	(568,890)	(118,797)
TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)	\$ 7,287,340	\$ 5,322,832	\$ 10,352,968

Data Source

Audited Financial Statements

	2008	2009	2010	2011	2012	2013	2014
\$	33,005,614	\$ 33,667,265	\$ 32,191,912	\$ 33,563,321	\$ 32,904,361	\$ 31,515,066	\$ 31,303,000
	4,673,737	3,992,663	4,100,988	4,232,849	4,199,803	4,305,118	4,471,298
	2,870,797	2,834,118	2,796,032	2,462,499	2,550,703	2,239,240	1,906,545
	-	-	-	1,428,854	1,751,844	1,722,005	1,690,985
	1,467,906	1,286,211	1,280,923	1,248,610	1,267,148	1,242,698	1,309,644
	8,837,777	7,905,175	8,472,661	8,628,389	8,931,459	9,343,337	10,061,160
	6,270,922	5,476,622	5,307,674	5,341,577	6,023,925	6,532,135	6,563,909
	163,719	166,343	543,868	884,021	679,004	226,477	515,114
	1,081,574	400,701	305,545	285,881	321,140	300,305	309,200
	326,910	403,633	333,398	285,260	164,057	193,597	297,638
	171,738	50,333	-	-	-	-	-
	-	-	-	253,000	339,557	250,000	1,639,500
	58,870,694	56,183,064	55,333,001	58,614,261	59,133,001	57,869,978	60,067,993
	150,061	31,731	9,563	13,714	25,416	20,064	24,098
	294,123	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	(253,000)	(339,557)	(250,000)	(1,639,500)
	444,184	31,731	9,563	(239,286)	(314,141)	(229,936)	(1,615,402)
\$	59,314,878	\$ 56,214,795	\$ 55,342,564	\$ 58,374,975	\$ 58,818,860	\$ 57,640,042	\$ 58,452,591
\$	(136,772)	\$ 10,993,133	\$ 5,945,447	\$ 3,469,200	\$ 3,918,489	\$ 4,368,082	\$ 7,344,820
	(1,350,163)	(611,352)	848,446	1,531,267	2,235,342	3,790,093	468,975
\$	(1,486,935)	\$ 10,381,781	\$ 6,793,893	\$ 5,000,467	\$ 6,153,831	\$ 8,158,175	\$ 7,813,795

VILLAGE OF PALATINE, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2005	2006	2007	2008
GENERAL FUND				
Reserved	\$ 26,470	\$ 5,042,920	\$ 5,287,920	\$ 5,536,201
Unreserved	16,285,665	12,604,862	13,056,080	11,641,186
Nonspendable	-	-	-	-
Unassigned	-	-	-	-
TOTAL GENERAL FUND	\$ 16,312,135	\$ 17,647,782	\$ 18,344,000	\$ 17,177,387
ALL OTHER GOVERNMENTAL FUNDS				
Reserved	\$ 19,858,828	\$ 28,720,235	\$ 28,100,314	\$ 28,994,327
Unreserved, reported in				
Special Revenue Funds	-	(5,267,911)	852,177	(1,874,480)
Capital Project Funds	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 19,858,828	\$ 23,452,324	\$ 28,952,491	\$ 27,119,847

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

Data Source

Audited Financial Statements

2009	2010	2011*	2012	2013	2014
\$ 5,898,008	\$ 6,025,530	\$ -	\$ -	\$ -	\$ -
10,608,000	9,745,168	-	-	-	-
-	-	6,267,920	5,772,920	5,277,920	4,782,920
-	-	12,657,972	15,064,951	16,880,750	18,124,529
\$ 16,506,008	\$ 15,770,698	\$ 18,925,892	\$ 20,837,871	\$ 22,158,670	\$ 22,907,449
\$ 42,712,889	\$ 57,463,551	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
(106,775)	-	-	-	-	-
-	-	36,631,487	32,349,656	23,876,160	17,945,345
-	-	10,844,611	11,900,695	16,305,655	21,284,780
-	-	-	(871,431)	(2,484,768)	(43,615)
\$ 42,606,114	\$ 57,463,551	\$ 47,476,098	\$ 43,378,920	\$ 37,697,047	\$ 39,186,510

VILLAGE OF PALATINE, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2005	2006	2007	2008
REVENUES				
Taxes	\$ 41,982,423	\$ 46,392,377	\$ 48,653,181	\$ 51,676,949
Licenses and permits	3,121,288	3,242,695	3,061,764	3,088,823
Intergovernmental	8,355,118	9,075,448	9,924,521	9,520,180
Charges for services	2,021,009	1,842,979	2,130,142	1,814,636
Fines and forfeitures	741,524	885,018	893,496	1,061,999
Investment income	824,104	1,928,007	2,211,847	1,081,573
Contributions	-	-	-	6,165,959
Miscellaneous	486,533	547,182	395,666	425,003
Total revenues	57,531,999	63,913,706	67,270,617	74,835,122
EXPENDITURES				
General government	7,125,694	7,814,881	8,838,522	10,747,502
Public safety	25,640,194	27,386,129	28,822,573	31,524,578
Public works	7,217,325	6,729,375	7,563,075	8,652,609
Economic development	2,984,458	9,264,353	2,952,388	17,188,453
Capital outlay	2,796,534	2,874,863	6,125,005	5,495,697
Debt service				
Principal retirement	4,175,070	5,814,851	8,537,919	14,250,146
Interest	3,769,464	3,957,332	4,330,229	3,657,597
Fiscal charges	9,373	-	153,978	-
Total expenditures	53,718,112	63,841,784	67,323,689	91,516,582
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,813,887	71,922	(53,072)	(16,681,460)
OTHER FINANCING SOURCES (USES)				
Bonds issued, at par	645,200	4,027,100	18,800,000	-
Refunding bonds issued, at par	-	-	-	-
Bond premium	17,014	-	12,490	-
Bond discount	-	-	(43,459)	-
Payment to refunded bond escrow agent	(653,227)	-	-	-
Proceeds from sale of capital assets	(608,839)	75,366	231,191	171,738
Transfers in	1,558,530	4,903,860	3,376,733	-
Transfers (out)	(2,746,330)	(4,149,105)	(2,616,733)	-
Total other financing sources (uses)	(1,787,652)	4,857,221	19,760,222	171,738
NET CHANGE IN FUND BALANCES	\$ 2,026,235	\$ 4,929,143	\$ 19,707,150	\$ (16,509,722)
Debt service as a percentage of noncapital expenditures	14.99%	15.51%	20.02%	19.86%

Data Source

Audited Financial Statements

	2009	2010	2011	2012	2013	2014
\$	50,488,804	\$ 50,087,153	\$ 42,936,134	\$ 42,673,859	\$ 41,024,128	\$ 40,681,472
	3,081,984	3,112,015	2,695,124	2,612,185	2,822,149	3,081,336
	9,374,441	12,810,025	21,894,742	21,449,463	22,102,467	22,735,622
	1,845,422	1,839,736	3,364,812	3,351,983	3,683,470	3,801,523
	1,948,079	1,256,149	944,747	1,395,806	1,376,629	1,394,054
	404,698	305,545	285,881	321,140	300,305	309,200
	1,000,000	-	-	-	-	-
	683,590	670,400	291,996	164,057	193,596	297,638
	68,827,018	70,081,023	72,413,436	71,968,493	71,502,744	72,300,845
	8,507,772	7,713,816	6,296,980	5,448,017	5,532,910	5,690,050
	31,678,221	33,638,662	36,499,775	36,627,642	37,149,960	38,212,533
	8,370,752	8,250,868	5,870,884	5,857,645	6,228,622	6,769,212
	1,504,577	6,828,477	5,776,274	7,999,863	5,914,067	3,400,486
	15,945,994	9,139,690	24,177,056	7,816,121	10,091,641	8,176,672
	12,649,263	5,493,745	5,708,490	6,403,904	6,346,812	6,089,339
	3,964,551	4,341,907	5,082,194	4,768,086	4,385,759	4,172,391
	294,487	-	160,195	91,906	8,303	122,338
	82,915,617	75,407,165	89,571,848	75,013,184	75,658,074	72,633,021
	(14,088,599)	(5,326,142)	(17,158,412)	(3,044,691)	(4,155,330)	(332,176)
	33,340,315	32,158,385	7,000,000	-	-	-
	-	-	850,000	5,025,000	-	10,985,000
	152,558	879,220	216,155	-	-	212,225
	-	-	-	-	-	-
	(4,678,260)	(13,950,839)	(865,438)	(4,939,073)	-	(11,076,385)
	88,594	61,483	3,172,436	325,429	115,692	211,418
	-	65,000	253,000	3,609,447	5,249,753	12,364,540
	(84,456)	(65,000)	-	(3,269,890)	(4,999,753)	(10,736,130)
	28,818,751	19,148,249	10,626,153	750,913	365,692	1,960,668
\$	14,730,152	\$ 13,822,107	\$ (6,532,259)	\$ (2,293,778)	\$ (3,789,638)	\$ 1,628,492
	23.63%	14.43%	14.89%	15.56%	15.06%	14.75%

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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
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
2013	1,218,389,388	248,664,150	122,708,665	NA	1,589,762,203	1.390	4,769,286,609

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	2004	2005	2006	2007
TAX RATES				
Village of Palatine				
Social Security	0.105	0.106	0.110	0.093
IMRF	0.044	0.057	0.057	0.054
Corporate (Police Protection)	0.229	0.221	0.226	0.221
Fire Protection	0.385	0.370	0.370	0.316
Fire Pension	0.055	0.056	0.064	0.061
Police Pension	0.071	0.061	0.084	0.086
Debt Service	0.195	0.181	0.164	0.119
Total Village of Palatine	1.084	1.052	1.075	0.950
School Districts				
Palatine CCSD No. 15	2.925	2.840	2.673	2.435
Junior College No. 512	0.279	0.281	0.288	0.260
Township HSD No. 211	2.158	2.191	2.261	1.972
Park District	0.437	0.422	0.448	0.406
Library District	0.280	0.271	0.280	0.246
County				
County of Cook	0.593	0.533	0.379	0.446
Forest Preserve	0.060	0.060	0.057	0.053
Township				
Palatine Township	0.038	0.037	0.039	0.035
General Assistance	0.008	0.008	0.009	0.008
Road and Bridge	0.070	0.069	0.072	0.064
Other Districts				
Suburban T.B. Sanitarium	0.001	0.005	0.005	-
Northwest Mosquito	0.009	0.009	0.009	0.008
Sanitary District	0.347	0.315	0.284	0.263
Elections (ELCO)	-	0.014	-	0.012
TOTAL TAX RATES	8.289	8.107	7.879	7.158
SHARE OF TOTAL TAX LEVIED BY THE VILLAGE	13.08%	12.98%	13.64%	13.27%

Data Source

Office of the County Clerk

2008	2009	2010	2011	2012	2013
0.091	0.087	0.097	0.109	0.122	0.148
0.052	0.054	0.060	0.060	0.065	0.081
0.217	0.216	0.241	0.233	0.267	0.305
0.301	0.215	0.239	0.233	0.267	0.305
0.056	0.085	0.110	0.148	0.163	0.196
0.081	0.112	0.149	0.154	0.163	0.187
0.116	0.113	0.126	0.184	0.153	0.168
0.914	0.882	1.022	1.121	1.200	1.390
2.385	2.307	2.603	2.943	3.269	3.849
0.256	0.258	0.295	0.334	0.373	0.444
1.928	1.916	2.204	2.482	2.772	3.197
0.419	0.408	0.468	0.517	0.574	0.680
0.240	0.229	0.198	0.222	0.248	0.293
0.415	0.394	0.423	0.462	0.594	0.560
0.051	0.049	0.051	0.058	0.062	0.069
0.035	0.034	0.039	0.044	0.049	0.058
0.008	0.008	0.010	0.012	0.014	0.017
0.063	0.061	0.070	0.079	0.082	0.092
-	-	-	-	-	-
0.008	0.008	0.009	0.010	0.011	0.013
0.252	0.261	0.274	0.320	0.370	0.417
-	0.021	-	0.025	-	0.031
6.974	6.836	7.666	8.629	9.618	11.110
13.11%	12.90%	13.33%	12.99%	12.48%	12.51%

VILLAGE OF PALATINE, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Levy Year and Nine Levy Years Ago

Taxpayer	Tax Year 2013			Tax Year 2004		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Wal Mart Prop Tax Dept	\$ 14,261,623	1	0.90%	NA	NA	NA
Weber Stephen Products	10,649,741	2	0.67%	NA	NA	NA
McCaffery Interests	10,509,603	3	0.66%	NA	NA	NA
Bourbon Square Apartments	10,386,875	4	0.65%	NA	NA	NA
Deer Grove Center	9,935,960	5	0.62%	NA	NA	NA
Brookind Corporate Tax Dept	8,937,570	6	0.56%	\$ 14,310,298	3	1.00%
Thomson Pts	8,482,058	7	0.53%	NA	NA	NA
Village Park Palatine 300	7,881,930	8	0.50%	13,035,785	5	0.90%
Arlington Toyota	7,696,975	9	0.48%	NA	NA	NA
Highland Mgmt Pp	6,523,901	10	0.41%	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>\$ 95,266,236</u>		<u>5.99%</u>	<u>\$ 130,914,680</u>		<u>8.80%</u>

Note:

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

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Levy Year	Tax Levied		Collected Within the Fiscal Year of the Levy		Collections (Refunds) in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$	18,187,861	\$ 17,671,039	97.16%	\$ (37,311)	\$ 17,633,728	96.95%
2005		19,077,679	18,988,556	99.53%	(403,833)	18,584,723	97.42%
2006		19,798,961	17,473,576	88.26%	1,911,181	19,384,757	97.91%
2007		20,692,509	19,846,267	95.91%	186,677	20,032,944	96.81%
2008		21,282,714	18,913,144	88.87%	2,153,718	21,066,862	98.99%
2009		21,435,198	18,588,397	86.72%	2,769,800	21,358,197	99.64%
2010		22,288,003	21,350,808	95.80%	1,089,898	22,440,706	100.69%
2011		22,266,256	21,834,784	98.06%	470,733	22,305,517	100.18%
2012		22,185,405	21,661,897	97.64%	666,318	22,328,215	100.64%
2013		22,093,831	21,729,359	98.35%	-	21,729,359	98.35%

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	TIF Revenue	Tax Increment	Installment	General Obligation	Total Primary	of Personal	Per
	Bonds	Bonds	Notes	Contracts	Bonds	Government	Income*	Capita*
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
2014	80,207,505	-	105,565	-	14,464,348	94,777,418	3.85%	1,382

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

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

Data Source

Audited Financial Statements

VILLAGE OF PALATINE, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year Ended	General Obligation Bonds		Less: Net Position Restricted for Debt Service	Total Primary Government	Percent of Estimated Actual Taxable Value of Property*		Per Capita*
	Governmental Activities	Business- Type Activities					
2005	\$ 65,270,470	\$ 10,365,397	\$ 2,072,121	\$ 73,563,746	1.80%		\$ 1,179
2006	60,634,279	9,781,440	2,279,983	68,135,736	1.46%		1,116
2007	73,762,343	10,736,104	2,058,307	82,440,140	1.25%		1,034
2008	59,846,334	19,363,370	2,340,846	76,868,858	1.49%		1,251
2009	83,303,077	21,349,916	2,190,803	102,462,190	1.18%		1,166
2010	96,605,992	20,051,477	2,685,963	113,971,506	1.47%		1,554
2011	98,342,273	18,892,992	2,584,143	114,651,122	1.56%		1,662
2012	91,969,327	17,526,482	2,122,279	107,373,530	1.74%		1,664
2013	85,483,105	16,479,732	1,865,098	100,097,739	1.80%		1,566
2014	80,207,505	14,464,348	-	94,671,853	1.71%		1,381

* 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, 2014

Governmental Unit	Gross Debt	Percentage Debt Applicable to the Village of Palatine (1)	Village of Palatine Share of Debt
Village of Palatine	\$ 80,207,505	100.00%	\$ 80,207,505
School Districts			
Palatine Community District No. 15	22,338,440	50.50%	11,280,912
Township High School District No. 211	16,430,000	23.57%	3,872,551
Township High School District No. 214	44,695,000	0.02%	8,939
Community College District No. 512	175,310,000	10.25%	17,969,275
Total school districts	258,773,440		33,131,677
Other than schools			
Cook County	3,572,060,000	1.25%	44,650,750
Cook County Forest Preserve District	124,455,000	1.25%	1,555,688
Metropolitan Water Reclamation District	2,481,972,000	1.27%	31,521,044
Park Districts			
Arlington Heights Park District	14,790,000	0.06%	8,874
Palatine Park District	10,600,000	76.23%	8,080,380
Salt Creek Park District	645,000	50.23%	323,984
Total other than schools	6,204,522,000		86,140,720
Total Overlapping Governmental Activities Debt	6,463,295,440		119,272,397
Total Direct and Overlapping Governmental Activities Debt	\$ 6,543,502,945		\$ 199,479,902

(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, 2014

The Village is a home rule municipality.

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

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

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

VILLAGE OF PALATINE, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
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	6.6%
2013	68,557	2,463,595,795	35,935	7.1%
2014	68,557	2,463,595,795	35,935	5.2%

Data Source

US Census Bureau

Illinois Department of Employment Security

VILLAGE OF PALATINE, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2014			2005		
	Rank	Approx. No. of Employees	Percentage of Total Village Population	Rank	Approx. No. of Employees	Percentage of Total Village Population
Community Unit School District 15	1	2,200	3.21%	3	1,200	1.82%
Township High School District 211	2	2,057	3.00%	4	927	1.41%
United Parcel Service	3	1,000	1.46%	1	2,000	3.03%
United States Postal Service	4	1,000	1.46%	2	1,700	2.58%
Community College District 512	5	980	1.43%	5	812	1.23%
Intec Group, Inc.	6	425	0.62%	8	150	0.23%
Schneider Electric - Square D	7	355	0.52%	NA	NA	NA
Village of Palatine	8	355	0.52%	6	355	0.54%
Weber-Stephen Products	9	200	0.29%	NA	NA	NA
Arlington Plating	10	110	0.16%	7	160	0.24%

Data Source

Village Records

VILLAGE OF PALATINE, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GENERAL GOVERNMENT										
Village Clerk	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Village Manager	7.5	7.0	7.0	7.0	6.0	6.0	6.0	6.0	6.0	6.0
Finance and Operations	16.0	17.0	17.0	17.0	17.0	15.0	13.0	12.0	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	4.0	4.0	4.0	4.0	4.0	4.0	2.5	2.5	2.5
Information systems	8.0	8.0	8.5	8.5	10.0	9.5	7.0	7.0	7.0	7.0
Planning and Zoning	5.5	5.0	5.0	5.0	5.0	4.5	4.5	4.5	4.5	4.5
PUBLIC SAFETY										
Community services	19.0	19.0	20.0	21.0	19.5	16.5	14.5	15.5	15.0	15.0
Police										
Sworn personnel	107.0	109.0	110.0	112.0	112.0	111.0	110.0	109.0	109.0	108.0
Civilians	31.0	31.0	31.0	31.0	31.0	31.0	31.5	31.5	31.5	31.0
Fire										
Sworn personnel	95.0	95.0	95.0	95.0	95.0	93.0	92.0	91.0	91.0	91.0
Civilians	11.0	11.0	11.0	11.0	11.0	10.5	9.5	9.5	9.5	9.5
PUBLIC WORKS										
Engineering	6.5	6.5	6.5	7.0	6.5	7.0	6.0	5.0	5.0	5.0
Public Works	57.5	58.5	58.5	60.0	60.0	59.0	59.5	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										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
PUBLIC SAFETY										
Police										
Physical arrests	6,758	NA	2,417	2,162	2,308	2,224	1,657	1,506	1,475	1,527
Parking violations	7,274	NA	631	7,388	7,315	6,908	6,264	4,364	4,754	4,756
Traffic violations	19,199	NA	5,415	2,214	11,473	11,616	10,680	9,928	9,933	9,960
Fire										
Emergency responses	6,568	6,891	7,401	7,257	7,020	7,233	7,510	7,680	7,770	8,009
PUBLIC WORKS										
Water										
Number of connections	17,500	17,500	19,597	19,464	19,658	19,644	19,473	19,481	19,584	19,181
Avg daily consumption	7.68M	6.77M	7.02M	6.71M	6.44M	6.44M	6.47M	6.93M	6.57M	6.30M

CAPITAL ASSET STATISTICS										
	2005	2006	2007*	2008	2009	2010	2011	2012	2013	2014
PUBLIC SAFETY										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	28	29	32	26	25	25	28	28	28	28
Fire										
Fire stations	5	5	5	5	5	5	5	5	5	5
Fire engines	7	7	5	7	7	7	7	7	7	7
PUBLIC WORKS										
Streets and highways										
Streets (miles)	160	160	160	160	160	160	160	160	160	160
Number of bridges	6	6	6	6	6	6	6	6	6	6
Waterworks										
Water mains (miles)	200	200	140	140	156	156	156	156	156	245
Fire hydrants	3,200	NA	2,050	2,050	2,060	2,060	2,060	2,060	2,060	2,513
Sewerage										
Sanitary sewers (miles)	200	200	145	145	145	145	145	145	145	168
Storm sewers (miles)	220	220	220	221	225	225	225	225	225	260

* 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, 2014

		As Percent of		Per Capita
		Assessed	Estimated	(2010 Special
	Amount	Value	True	Census Pop.
			Value	68,557)
Taxable real property, 2013				
Assessed valuation	\$ 1,589,762,203	100.00%	33.33%	\$ 23,189
Estimated true value	4,769,286,609	300.00%	100.00%	69,567
Total general obligation bonded debt (1):	93,780,348	5.90%	1.97%	1,368
Less: Self-Supporting	(56,470,483)	-3.55%	-1.18%	(824)
Net general obligation bonded debt	37,309,865	2.35%	0.78%	544
Overlapping bonded debt payable from property taxes (2):				
Schools	33,131,677	2.08%	0.69%	483
Other than schools	86,140,719	5.42%	1.81%	1,256
Total overlapping bonded debt	119,272,396	7.50%	2.50%	1,740
Total net direct and overlapping bonded debt	\$ 156,582,261	9.85%	3.28%	\$ 2,284

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 July 2014.

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, 2014

Due 12/1	Principal Maturities (1)					
	Series 1989 (3)	Series 2007 (5 Issues)	Series 2008 (1 Issue)	Series 2009 (7 Issues)	Series 2010 (4 Issues)	Series 2011 (2 Issues)
2015	\$ 2,995,000	\$ 1,305,000	\$ 185,000	\$ 1,135,000	\$ 3,710,000	\$ 200,000
2016	1,730,348	1,360,000	-	475,000	2,340,000	1,000,000
2017	-	1,485,000	-	1,245,000	565,000	1,050,000
2018	-	1,195,000	-	1,660,000	590,000	900,000
2019	-	1,255,000	-	1,810,000	615,000	900,000
2020	-	1,315,000	-	1,830,000	650,000	900,000
2021	-	1,390,000	-	2,610,000	675,000	1,000,000
2022	-	1,345,000	-	2,740,000	705,000	1,000,000
2023	-	700,000	-	1,170,000	-	100,000
2024	-	740,000	-	1,195,000	725,000	-
2025	-	780,000	-	1,240,000	735,000	-
2026	-	820,000	-	780,000	1,275,000	-
2027	-	-	-	805,000	1,325,000	-
2028	-	-	-	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	-
	\$ 4,725,348	\$ 13,690,000	\$ 185,000	\$ 20,445,000	\$ 28,650,000	\$ 7,050,000

Notes:

(1) The Village is a home rule unit under the 1970 Illinois Constitution and as such has no debt limit, nor is it required to seek referendum approval for the issuance of general obligation debt. This table excludes \$5,775,000 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; \$105,565 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 \$93,780,348 outstanding principal at December 31, 2014, the Village estimates that \$56,470,483 (60.2%) is self-supporting from non-property tax sources.

(3) The Series 1989 are capital appreciation bonds due January 1, 2015 & 2016.

Data Source

Village Records

Series		Series		Total Maturities (2)	
2012		2014			
(1 Issue)		(2 Issues)		Amount	%
\$	510,000	\$	1,190,000	\$ 11,230,000	12.0%
	515,000		1,390,000	8,810,348	9.4%
	525,000		1,440,000	6,310,000	6.7%
	540,000		1,475,000	6,360,000	6.8%
	555,000		1,505,000	6,640,000	7.1%
	570,000		1,565,000	6,830,000	7.3%
	595,000		945,000	7,215,000	7.7%
	615,000		975,000	7,380,000	7.9%
	-		1,015,000	2,985,000	3.2%
	-		1,050,000	3,710,000	4.0%
	-		1,090,000	3,845,000	4.1%
	-		310,000	3,185,000	3.4%
	-		325,000	2,455,000	2.6%
	-		335,000	2,535,000	2.7%
	-		-	2,290,000	2.4%
	-		-	2,200,000	2.3%
	-		-	2,300,000	2.5%
	-		-	2,400,000	2.6%
	-		-	2,500,000	2.7%
	-		-	2,600,000	2.8%
\$	4,425,000	\$	14,610,000	\$ 93,780,348	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, 2014

Village Issue		Ratio to Estimated Actual Value				Per Capita			
		Direct and Overlapping Debt				Direct and Overlapping Debt			
		Direct Debt		Overlapping Debt		Overlapping Debt			
		Excluding		Excluding		Excluding			
		Including Self-Supporting	Self-Supporting (1)	Including Self-Supporting	Self-Supporting (1)	Including Self-Supporting	Self-Supporting (1)	Population Estimate	
Sale Date	Amount	Supporting	(1)	Supporting	(1)	Supporting	(1)		
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	
December 9, 2014 (2,3)	14,610,000	2.19%	0.73%	4.69%	3.23%	3,263	2,250	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, 2014

Governmental Unit	Percent of Village's Real Property in Taxing Body	Gross Debt (1)	Percent of Debt Applicable to the Village of Palatine (2)	Village of Palatine Share of Debt
School Districts				
Palatine Community District No. 15	100.0%	\$ 22,338,440	50.5%	\$ 11,280,912
Township High School District No. 211	99.9%	16,430,000	23.6%	3,872,551
Township High School District No. 214	0.1%	44,695,000	0.0%	8,939
Community College District No. 512	100.0%	175,310,000	10.3%	17,969,275
Total school districts		<u>258,773,440</u>		<u>33,131,677</u>
Other than schools				
Cook County	100.0%	3,572,060,000	1.3%	44,650,750
Cook County Forest Preserve District	100.0%	124,455,000	1.3%	1,555,688
Metropolitan Water Reclamation District	100.0%	2,481,972,000	1.3%	31,521,044
Park Districts				
Arlington Heights Park District	0.1%	14,790,000	0.1%	8,874
Palatine Park District	94.2%	10,600,000	76.2%	8,080,380
Salt Creek Park District	5.7%	645,000	50.2%	323,984
Total other than schools		<u>6,204,522,000</u>		<u>86,140,720</u>
Total Overlapping Governmental Activities Debt		<u>\$ 6,463,295,440</u>		<u>\$ 119,272,397</u>

Notes:

(1) As of July 2014.

(2) Overlapping debt percentages based on 2013 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, 2014

Levy Year	Net for General Taxing Purposes	Plus Incremental Valuation	Total For All Taxing Purposes (1)	Increase Over Prior Year
2004 (2)	\$ 1,678,511,650	100,006,109	\$ 1,778,517,759	1.4%
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%
2013 (2)	1,589,762,203	84,767,445	1,674,529,648	-14.3%

Notes:

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

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

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

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12
TAX RATES PER \$100 EQUALIZED ASSESSED VALUATION
December 31, 2014

Tax Levy Year	2009	2010	2011	2012	2013
TAX RATES					
Village of Palatine (1)					
Social Security	\$ 0.087	\$ 0.097	\$ 0.109	\$ 0.122	\$ 0.148
IMRF	0.054	0.060	0.060	0.065	0.081
Corporate (Police Protection)	0.216	0.241	0.233	0.267	0.305
Fire Protection	0.215	0.239	0.233	0.267	0.305
Fire Pension	0.085	0.110	0.148	0.163	0.196
Police Pension	0.112	0.149	0.154	0.163	0.187
Debt Service	0.113	0.126	0.184	0.153	0.168
Total Village of Palatine	0.882	1.022	1.121	1.200	1.390
School Districts					
Palatine CCSD No. 15	2.307	2.603	2.943	3.269	3.849
Junior College No. 512	0.258	0.295	0.334	0.373	0.444
Township HSD No. 211	1.916	2.204	2.482	2.772	3.197
Park District	0.408	0.468	0.517	0.574	0.680
Library District	0.229	0.198	0.222	0.248	0.293
County					
County of Cook	0.394	0.423	0.462	0.594	0.560
Forest Preserve	0.049	0.051	0.058	0.062	0.069
Township					
Palatine Township	0.034	0.039	0.044	0.049	0.058
General Assistance	0.008	0.010	0.012	0.014	0.017
Road and Bridge	0.061	0.070	0.079	0.082	0.092
Other Districts					
Northwest Mosquito	0.008	0.009	0.010	0.011	0.013
Sanitary District	0.261	0.274	0.320	0.370	0.417
Elections (ELCO)	0.021	-	0.025	-	0.031
TOTAL TAX RATE (2)	\$ 6.836	\$ 7.666	\$ 8.629	\$ 9.618	\$ 11.110
SHARE OF TOTAL TAX LEVIED BY THE VILLAGE	12.90%	13.33%	12.99%	12.48%	12.51%

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, 2014

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
2004	\$ 18,187,861	\$ 17,671,039	97.16%	\$ (37,311)	\$ 17,633,728	96.95%
2005	19,077,679	18,988,556	99.53%	(403,833)	18,584,723	97.42%
2006	19,798,961	17,473,576	88.26%	1,911,181	19,384,757	97.91%
2007	20,692,509	19,846,267	95.91%	186,677	20,032,944	96.81%
2008	21,282,714	18,913,144	88.87%	2,153,718	21,066,862	98.99%
2009	21,435,198	18,588,397	86.72%	2,769,800	21,358,197	99.64%
2010	22,288,003	21,350,808	95.80%	1,089,898	22,440,706	100.69%
2011	22,266,256	21,834,784	98.06%	470,733	22,305,517	100.18%
2012	22,185,405	21,661,897	97.64%	666,318	22,328,215	100.64%
2013	22,093,831	21,729,359	98.35%	-	21,729,359	98.35%

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, 2014

Property Classification (1)	2009	2010	2011	2012	2013
Residential	\$ 1,900,562,138	\$ 1,696,347,388	\$ 1,563,334,770	\$ 1,448,021,095	\$ 1,218,389,388
Commercial	367,743,939	324,004,088	278,224,339	266,901,767	248,664,150
Industrial/Railroad/Farm	163,729,362	161,853,695	145,507,673	134,160,019	122,708,665
Net for General Taxing Purposes	2,432,035,439	2,182,205,171	1,987,066,782	1,849,082,881	1,589,762,203
Incremental Valuation (2)	171,135,223	155,066,131	213,010,709	104,823,912	84,767,445
Total for all Taxing Purposes	\$ 2,603,170,662	\$ 2,337,271,302	\$ 2,200,077,491	\$ 1,953,906,793	\$ 1,674,529,648
Percentage Increase	19.3%	7.2%	3.2%	-10.2%	-5.9%

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, 2014

Taxpayer		Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Wal Mart Prop Tax Dept	Retail Store	\$ 14,261,623	1	0.90%
Weber Stephen Products	Corporate Headquarters	10,649,741	2	0.67%
McCaffery Interests	Commercial Real Estate	10,509,603	3	0.66%
Bourbon Square Apartments	Apartments	10,386,875	4	0.65%
Deer Grove Center	Commercial Real Estate	9,935,960	5	0.62%
Brookind Corporate Tax Dept	United Parcel Service	8,937,570	6	0.56%
Thomson Pts	Commercial Real Estate	8,482,058	7	0.53%
Village Park Palatine 300	Apartments	7,881,930	8	0.50%
Arlington Toyota	Automobile Dealership	7,696,975	9	0.48%
Highland Mgmt Pp	Commercial Real Estate	<u>6,523,901</u>	10	<u>0.41%</u>
		<u>\$ 95,266,236</u>		<u>5.99%</u>

Note:

Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked. The 2013 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, 2014

Summary Statement of Revenue, Expenditures and Changes in Fund Balance (1)
(Fiscal Year Ending December 31, 2010 - 2014)

	2010	2011	2012	2013	2014	CY 2015 Budget (2)
REVENUES						
Taxes	\$ 33,226,384	\$ 26,009,684	\$ 25,588,613	\$ 26,061,334	\$ 25,864,623	\$ 25,859,061
Licenses and permits	3,112,015	2,695,124	2,612,185	2,822,149	3,081,336	3,043,500
Intergovernmental	6,675,206	16,891,419	17,742,034	18,176,446	18,899,416	18,845,290
Charges for services	1,768,925	3,106,138	3,075,790	3,380,429	3,494,656	3,973,800
Fines and forfeits	1,239,105	922,119	1,361,163	1,336,226	1,365,125	1,482,400
Investment income	248,896	250,177	260,139	257,429	273,846	244,150
Miscellaneous	378,982	285,258	139,661	152,334	209,354	403,100
Sale of capital assets	-	1,115,680	-	-	-	-
Transfers	65,000	253,000	-	-	175,410	-
Total revenues	46,714,513	51,528,599	50,779,585	52,186,347	53,363,766	53,851,301
EXPENDITURES						
General government	7,713,816	6,296,980	5,448,017	5,532,910	5,690,050	7,263,790
Public safety	33,445,430	36,211,371	36,298,800	36,975,266	37,982,977	39,260,190
Public works	6,290,597	5,865,054	5,850,899	6,228,622	6,769,212	6,718,975
Transfers	-	-	1,269,890	1,848,000	2,782,498	500,000
Total expenditures	47,449,843	48,373,405	48,867,606	50,584,798	53,224,737	53,742,955
EXCESS (DEFICIENCY) OF REVENUES						
OVER EXPENDITURES	(735,330)	3,155,194	1,911,979	1,601,549	139,029	\$ 108,346
FUND BALANCE, JANUARY 1						
	16,835,028	16,099,698	19,254,892	21,166,871	22,768,420	
FUND BALANCE, DECEMBER 31						
	\$ 16,099,698	\$ 19,254,892	\$ 21,166,871	\$ 22,768,420	\$ 22,907,449	

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, 2014

Balance Sheet (1)					
(December 31, 2010 - 2014)					
	2010	2011	2012	2013	2014
ASSETS					
Cash and investments	\$ 3,642,204	\$ 8,086,602	\$ 11,790,228	\$ 14,721,580	\$ 14,744,764
Receivables					
Property taxes	21,569,355	18,680,223	19,240,191	19,344,267	19,265,543
Other	498,339	642,072	665,701	670,240	658,730
Due from other governments	5,481,404	5,427,543	4,577,491	4,232,818	4,451,668
Accrued interest	-	-	4,255	1,105	15,590
Due from other funds	6,022,920	6,310,506	5,796,201	5,277,920	5,112,133
Prepaid items	-	-	-	-	-
All other assets	2,610	-	-	-	-
TOTAL ASSETS	\$ 37,216,832	\$ 39,146,946	\$ 42,074,067	\$ 44,247,930	\$ 44,248,428
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	205,776	230,321	311,396	408,168	402,771
Deferred revenues	19,339,080	18,419,595	19,151,250	19,225,850	19,190,161
All other liabilities	1,572,278	1,242,138	1,444,550	1,845,492	1,748,047
TOTAL LIABILITIES	21,117,134	19,892,054	20,907,196	21,479,510	21,340,979
FUND BALANCE					
Reserved	6,025,530	-	-	-	-
Unreserved	10,074,168	-	-	-	-
Nonspendable	-	6,267,920	5,772,920	5,277,920	4,782,920
Unassigned	-	12,986,972	15,393,951	17,490,500	18,124,529
TOTAL FUND BALANCE	16,099,698	19,254,892	21,166,871	22,768,420	22,907,449
TOTAL LIABILITIES AND FUND BALANCE	\$ 37,216,832	\$ 39,146,946	\$ 42,074,067	\$ 44,247,930	\$ 44,248,428

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, 2014

	<i>Fund Balances/Net Position</i>				
	2010	2011	2012	2013	2014
Governmental Fund Types					
General	\$ 15,770,698	\$ 18,925,892	\$ 20,837,871	\$ 22,158,670	\$ 22,907,449
Special Revenue	27,539,398	31,085,574	26,930,968	19,160,526	17,706,348
Debt Service	6,960,461	2,584,143	2,424,978	2,192,428	195,382
Capital Projects	22,663,692	13,806,381	14,022,974	16,344,093	7,241,952
	72,934,249	66,401,990	64,216,791	59,855,717	48,051,131
Proprietary Fund Types					Not = BS-GOV
Enterprise Funds	51,388,218	52,919,485	55,269,327	59,059,420	59,528,395
Internal Service Funds	5,993,247	6,423,340	5,770,827	6,076,586	6,575,101
	57,381,465	59,342,825	61,040,154	65,136,006	66,103,496
Fiduciary Fund Types (2):					
Pension Trust	85,077,541	90,307,659	99,838,988	114,281,101	121,861,769
Total All Funds (Memo Only)	\$ 215,393,255	\$ 216,052,474	\$ 225,095,933	\$ 239,272,824	\$ 236,016,396
	<i>Cash and Investments</i>				
	2010	2011	2012	2013	2014
Fund					
General	\$ 3,642,204	\$ 8,086,602	\$ 11,790,228	\$ 14,721,580	\$ 14,744,764
Special Revenue	5,750,145	10,473,718	8,935,962	7,449,115	5,506,022
Debt Service	6,616,983	2,534,147	2,410,097	2,177,269	184,613
Capital Projects	23,714,633	16,140,765	14,463,602	15,966,430	6,956,274
Enterprise Funds	6,978,001	9,730,991	11,671,448	13,381,572	11,827,277
Internal Service Funds	6,864,246	7,255,691	7,402,263	8,081,736	8,723,459
Pension Trust	84,351,732	89,928,459	99,608,926	113,985,629	121,588,332
Total All Funds (Memo Only)	\$ 137,917,944	\$ 144,150,373	\$ 156,282,526	\$ 175,763,331	\$ 169,530,741

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, 2014

	Governmental Activities	Business Type Activities
Land	\$ 11,565,020	\$ 4,858,690
Land - Rights of way	139,806,925	-
Machinery & equipment	10,318,270	2,450,695
Buildings & improvements	39,524,060	23,218,430
Streets	27,834,185	-
Bridges	1,596,735	-
Sanitary sewer system	-	26,579,450
Storm sewer system	-	34,066,065
Water system	-	17,903,995
	230,645,195	109,077,325
Less: Accumulated depreciation	31,702,888	59,876,820
Net investment in capital assets	\$ 198,942,307	\$ 49,200,505

Data Source

Village Records