

VILLAGE OF PALATINE, ILLINOIS



COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED DECEMBER 31, 2015

VILLAGE OF PALATINE, ILLINOIS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**For the Year Ended
December 31, 2015**

Prepared by the Finance Department

Paul D. Mehring, CPA
Director of Finance and Operations

	<u>Page(s)</u>
INTRODUCTORY SECTION	
Principal Officials	i
Organization Chart	ii
Certificate of Achievement for Excellence in Financial Reporting	iii
Letter of Transmittal	iv - viii
FINANCIAL SECTION	
Independent Auditor's Report	1 - 2
General Purpose External Financial Statements	
Management's Discussion and Analysis	MD&A 1 - 13
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	3
Statement of Activities	4 - 5
Fund Financial Statements	
Governmental Funds	
Balance Sheet	6 - 7
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in Fund Balances	9 - 10
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Governmental Activities in the Statement of Activities	11
Proprietary Funds	
Statement of Net Position	12 - 13
Statement of Revenues, Expenses and Changes in Net Position	14 - 15
Statement of Cash Flows	16 - 17
Fiduciary Funds	
Statement of Net Position	18
Statement of Changes in Net Position	19
Notes to Financial Statements	20 - 73

VILLAGE OF PALATINE, ILLINOIS
TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
Required Supplementary Information	
Schedule of Revenues, Expenditures and	
Changes in Fund Balance - Budget and Actual	
General Fund	74
Downtown TIF Fund	75
Rand Road Corridor TIF Fund	76
Schedule of Funding Progress	
Other Postemployment Benefits Plan	77
Schedule of Employer Contributions	
Illinois Municipal Retirement Fund	78
Police Pension Fund	79
Firefighters' Pension Fund	80
Other Postemployment Benefits Plan	81
Schedule of Changes in the Employer's	
Net Pension Liability and Related Ratios	
Illinois Municipal Retirement Fund	82
Police Pension Fund	83
Firefighters' Pension Fund	84
Schedule of Investment Returns	85
Notes to Required Supplementary Information	86
Combining and Individual Fund Financial Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet	87
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balances	88

VILLAGE OF PALATINE, ILLINOIS
TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
Nonmajor Special Revenue Funds	
Combining Balance Sheet	89 - 90
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	91 - 92
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Motor Fuel Tax Fund	93
Community Development Block Grant Fund	94
Federal Equitable Sharing Fund	95
State Equitable Sharing Fund	96
DUI Fines Fund	97
Foreign Fire Tax Fund	98
Dundee Road TIF Fund	99
Rand/Dundee TIF Fund	100
Rand/Lake Cook TIF Fund	101
Special Fire Grant Fund	102
Special Police Grant Fund	103
Nonmajor Capital Projects Funds	
Combining Balance Sheet	104
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	105
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Capital Equipment Acquisition Fund	106
Capital Improvement Fund	107

VILLAGE OF PALATINE, ILLINOIS
TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
Internal Service Funds	
Combining Statement of Net Position	108
Combining Statement of Revenues, Expenses and Changes in Net Position	109
Combining Statement of Cash Flows	110
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual	
Fleet Services Fund	111
Health Insurance Fund	112
Casualty and Liability Insurance Fund	113
Fiduciary Funds	
Combining Statement of Net Position	114
Combining Statement of Changes in Net Position - Pension Trust Funds	115
Schedule of Changes in Net Position - Budget and Actual	
Police Pension Fund	116
Firefighters' Pension Fund	117
Statement of Changes in Assets and Liabilities - Agency Funds	118 - 119
Supplementary Information	
General Fund	
Schedule of Revenues - Budget and Actual	120 - 121
Schedule of Expenditures - Budget and Actual	122 - 123
General Obligation Bond Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	124
Village Hall Renovation Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	125

VILLAGE OF PALATINE, ILLINOIS
TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
Enterprise Funds	
Waterworks Fund	
Schedule of Revenues, Expenses and	
Changes in Net Position - Budget and Actual	126
Schedule of Operating Revenues - Budget and Actual	127
Schedule of Operating Expenses - Budget and Actual	128
Sewerage Fund	
Schedule of Revenues, Expenses and	
Changes in Net Position - Budget and Actual	129
Schedule of Operating Revenues - Budget and Actual	130
Schedule of Operating Expenses - Budget and Actual	131
Motor Vehicle Parking System Fund	
Schedule of Revenues, Expenses and	
Changes in Net Position - Budget and Actual	132
Schedule of Operating Expenses - Budget and Actual	133
Refuse Collection Fund	
Schedule of Revenues, Expenses and	
Changes in Net Position - Budget and Actual	134

STATISTICAL SECTION

Financial Trends

Net Position by Component	135 - 136
Changes in Net Position	137 - 140
Fund Balances of Governmental Funds	141 - 142
Changes in Fund Balances of Governmental Funds	143 - 144

Revenue Capacity

Assessed Value and Actual Value of Taxable Property	145
Property Tax Rates – Direct and Overlapping Governments	146 - 147
Principal Property Taxpayers	148
Property Tax Levies and Collections	149

Debt Capacity

Ratios of Outstanding Debt by Type	150
Ratios of General Bonded Debt Outstanding	151
Direct and Overlapping Governmental Activities Debt	152
Schedule of Legal Debt Margin	153

Demographic and Economic Information

Demographic and Economic Information	154
Principal Employers	155

Operating Information

Full-Time Equivalent Employees	156
Operating Indicators and Capital Asset Statistics	157

VILLAGE OF PALATINE, ILLINOIS
TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
Additional Disclosures Required by SEC Rule 15c2-12	
Statement of Indebtedness	158
Retirement Schedule of Outstanding Village General Obligation Debt	159 - 160
Bonded Debt Ratios and Per Capita Debt –	
Last Ten General Obligation Bond Sales	161
Detailed Overlapping Bonded Indebtedness Payable from Property Taxes	162
Equalized Assessed Valuation for Taxing Purposes	163
Tax Rates Per \$100 Equalized Assessed Valuation	164
Tax Extensions and Collections	165
Tax Base Distribution by Property Classification	166
Ten Largest Taxpayers	167
General Fund	
Summary Statement of Revenues, Expenditures and Changes in	
Fund Balance - Last Five Years	168
Balance Sheet - Last Five Years	169
Combined Statement – All Funds - Last Five Years	
Fund Balances/Net Position	170
Cash and Investments	170
Capital Assets	171

(This page is intentionally left blank.)

INTRODUCTORY SECTION

VILLAGE OF PALATINE, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2015

MAYOR

Jim Schwantz

VILLAGE COUNCIL

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

VILLAGE CLERK

Margaret Duer

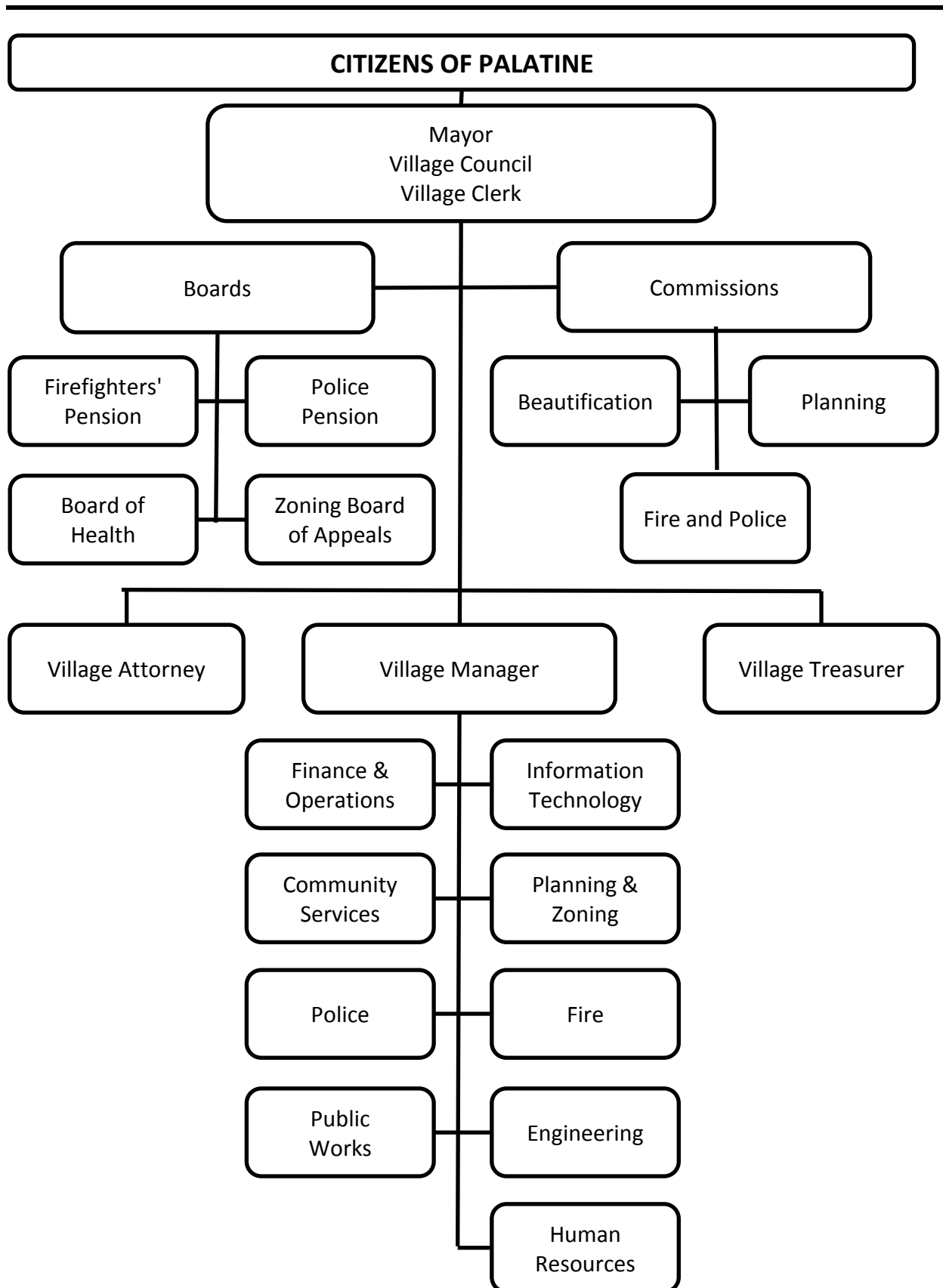
ADMINISTRATIVE

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

VILLAGE OF PALATINE, ILLINOIS

ORGANIZATION CHART

December 31, 2015





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, 2014

Executive Director/CEO

(This page is intentionally left blank.)

June 9, 2016

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, 2015.

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, 2015, 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, 2015, 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, and Rand Road Corridor Fund this comparison is presented on pages 74-76 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 87.

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 2015 decreased by approximately \$500,000 (3.7%) from the prior year. This minor decrease is a sign that the local economy is holding its own. 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:

Northwest Highway Corridor – The past year resulted in a significant amount of development within the Northwest Highway corridor. The Grand at Twin Lakes senior housing project is nearing completion. This project consists of an extensive remodel/reconstruction of the former Hotel Bolero/Indigo property. This property, which serves as a primary entrance into the Village of Palatine, sat in a state of disrepair following the closure of Hotel Bolero/Indigo. The new owners are in the process of converting the property into a senior housing facility with modern facilities and a portion of the building will include commercial tenants that will serve the development as well as the general community. The redevelopment of a former gas station site at Northwest Highway and Wilson Street is well underway and will include a new Advance

Auto Part store and a second commercial building. The development of a multi-tenant commercial building near the southwest corner of Northwest Highway and Smith Street was completed and includes a drive-through Dunkin Donuts and a Subway. A proposed drive-through Starbucks is currently working its way through the Village's zoning review process and will likely be considered by the Village Council in April, 2016.

Rand and Dundee Corridors - The Dundee Road TIF District has several significant commercial redevelopment projects underway. First off, Hobby Lobby is currently renovating the former Dominick's space in the Deer Grove Shopping Center to accommodate the relocation from their existing Palatine location on Northwest Highway into a majority of the former Dominick's space. In conjunction with their relocation, the tenant space is undergoing extensive exterior façade renovations as well as significant interior modifications. In addition, Aldi is currently completing the zoning review process so they can proceed with their planned occupancy of the former Staples tenant space within the Deer Grove center. The redevelopment of the former Applebee's out lot was completed in 2015. The new development includes a multi-tenant commercial building (with tenants such as Starbuck's, Chipotle, and Jersey Mikes). The planned redevelopment of the former Idol's site (northeast corner of Rand & Dundee) has obtained all zoning approvals and the developer is finalizing site acquisition. The approved development will include a drive-through Panera and additional commercial tenant spaces. A supportive housing project recently received approval on a Village owned property along Rand Road. The site is a portion of property initially acquired by the Village to facilitate the relocation of Tore & Luke's restaurant and the subsequent development of the Arlington Toyota dealership. The approved housing site is the sole remaining portion of the property still owned by the Village (the remainder of the property contains Tore & Luke's drive-through restaurant as well as a Firestone Tire Center). The Village recently approved a commercial out-lot development along the south side of Lake Cook Road, directly east of the Grossinger Hyundai Dealership. A developer recently obtained zoning approval for two commercial (drive-through) buildings and related site improvements. The developer is finalizing a lease with Dunkin Donuts to occupy one of the buildings, while the other building could contain another drive-through restaurant or multiple commercial tenants. Enterprise Car Rentals/Sales just opened their new facility along Rand Road. This project, which utilized Cook County's Tax Classification (7C) Program rather than Village TIF assistance, resulted in the complete redevelopment of the former 84 Lumber site. The Enterprise facility will provide car rental services as well as car sales. 2015 also saw continued work on a 54-unit townhouse development along Lake Cook Road. This project is located within the Rand – Lake Cook TIF, but did not receive any Village financial assistance. This townhouse project stalled under the initial developer; however, Lexington Homes obtained approval to complete the initial project, as well as additional phases, and will complete the project in early 2016.

Long-term financial planning

In addition to the economic development projects mentioned above, the Village has demonstrated a commitment to maintaining its infrastructure. In 2015, the Village spent over \$6.3 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.

During 2015, a detail review and forecast of the Village's capital needs over a ten-year horizon revealed a funding gap. In December 2015, the Village Council adopted an ordinance to increase the Village's electric use tax effective on July 1, 2016, to provide increased revenue to fill the identified funding gap.

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. Calendar 2015 saw the beginning of the Village-Wide AMR meter conversion, which should be completed by mid-2016.

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, 2014. This was the 15th 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 of Finance and Operations

FINANCIAL SECTION



1415 W. Diehl Road, Suite 400
Naperville, Illinois 60563

630.566.8400 // www.sikich.com

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, 2015, and the related notes to financial statements, 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, 2015, 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.

Change in Accounting Principle

As discussed in Note 13, the Village adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses; modified certain disclosures in the notes to financial statements and the required supplementary information. Our opinion is not modified with respect to this matter.

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 basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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 9, 2016



General Purpose External Financial Statements

**VILLAGE OF PALATINE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

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

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

Financial Highlights

- The Village's net position increased by \$6.7 million (4.2%) during the current year. The governmental net position increased by \$8.1 million and the business-type activities net position decreased by \$1.4 million.
- The Village's combined Governmental Funds ending fund balance decreased \$11.7 million (18.8%).
- At the end of the current year, fund balance for the General Fund decreased by \$0.9 million (3.7%) to \$22.0 million or 42.1% of General Fund expenditures.
- During 2015, general obligation bonds totaling \$7.165 million were issued to provide funding for the Village's Water AMI conversion project.
- The Village adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses.

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL REPORT

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

Government-Wide Financial Statements

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

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

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.

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.

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

Proprietary Funds

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

Proprietary fund financial statements (see pages 12-17) provide the same type of information as the government-wide financial statements, only in more detail. The Waterworks Fund, Sewerage Fund, and Motor Vehicle Parking System Fund are considered major funds of the Village and are presented in a separate column in the Fund Financial Statements. The Refuse Collection Fund is the Village's only non-major enterprise fund; 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 - 73 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

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

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 74-86 of this report. The combining and individual fund statements for non-major governmental, enterprise, and internal service funds are presented on pages 87-113 of this report, immediately following the required supplementary information.

Infrastructure Assets

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

GOVERNMENT-WIDE STATEMENT

Statement of Position

The Village's combined net position increased by \$6.7 million (4.2%) 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 \$108.5 million, an \$8.1 million (8.1%) increase. The business-type activities net position was \$57.4 million, a \$1.4 million (2.4%) decrease 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</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	85.3	30.5	115.8	95.3	25.7	121.0
Capital assets	208.5	49.1	257.6	198.9	49.2	248.1
Total Assets	293.8	79.6	373.4	294.2	74.9	369.1
Deferred outflows of resources	32.2	0.9	33.1	0.6	0.2	0.8
Noncurrent liabilities	189.8	19.9	209.7	167.6	15.3	182.9
Other liabilities	5.7	3.2	8.9	5.1	1.0	6.1
Total liabilities	195.5	23.1	218.6	172.7	16.3	189.0
Deferred inflows of resources	22.0	-	22.0	21.7	-	21.7
Net position						
Net investment in capital assets	157.7	32.4	190.1	144.4	38.9	183.3
Restricted	1.9	-	1.9	2.2	-	2.2
Unrestricted	(51.1)	25.0	(26.1)	(46.2)	19.9	(26.3)
Total net position	108.5	57.4	165.9	100.4	58.8	159.2

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

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

Normal Impacts on Net Position

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

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 \$6.7 million increase of combined net position (which is the Village's bottom line) was the result of the governmental activities net position increasing by \$8.1 million and the business-type activities net position decreasing by \$1.4 million.

Governmental Activities

Total assets and deferred outflows of resources increased by \$31.2 million and total liabilities and deferred inflows of assets increased by \$23.1 million, all of which was mainly due to pension accounting under GASB Statement 68.

Business-Type Activities

Total assets increased by \$4.7 million mainly resulting from the proceeds of bonds issued in December. Deferred outflows increased by \$0.7 million and total liabilities increased by \$.6 million due to pension accounting under GASB Statement 68. Total liabilities increased by another \$6.2 million as the result of \$7.1 million of bonds issued in December and \$0.9 in regular bond principal retirements during the year.

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

Changes in Net Position

The Village's combined change in net position of \$6.7 million represents an increase of \$1.0 million (17.5%) from the prior year. The Village's total revenues were unchanged, while the cost of all programs decreased by \$1.0 million. The following chart shows the revenue and expenses of the Village's activities (presented in millions):

	<i>Current Year</i>			<i>Prior Year</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	10.7	19.4	30.1	10.3	19.2	29.5
Operating grants	2.8	-	2.8	3.6	-	3.6
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Property taxes	31.4	-	31.4	31.3	-	31.3
Other taxes	9.3	-	9.3	9.4	-	9.4
Other revenues	17.9	-	17.9	17.7	-	17.7
Total revenues	72.1	19.4	91.5	72.3	19.2	91.5
Expenses						
Governmental activities						
General government	5.2	-	5.2	6.3	-	6.3
Public safety	39.8	-	39.8	42.5	-	42.5
Public works	10.6	-	10.6	12.2	-	12.2
Economic development	5.2	-	5.2	3.4	-	3.4
Interest & fiscal charges	3.6	-	3.6	4.2	-	4.2
Business-type activities						
Waterworks	-	11.0	11.0	-	8.3	8.3
Sewerage	-	3.6	3.6	-	3.1	3.1
Refuse collection	-	1.2	1.2	-	1.2	1.2
Motor vehicle parking	-	4.6	4.6	-	4.6	4.6
Total expenses	64.4	20.4	84.8	68.6	17.2	85.8
Change in net position before transfers	7.7	(1.0)	6.7	3.7	2.0	5.7
Transfers	0.4	(0.4)	-	1.6	(1.6)	-
Change in net position	8.1	(1.4)	6.7	5.3	0.4	5.7
Net position, beginning - As Restated	100.4	58.8	159.2	95.1	58.4	153.5
Net position, ending	108.5	57.4	165.9	100.4	58.8	159.2

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.

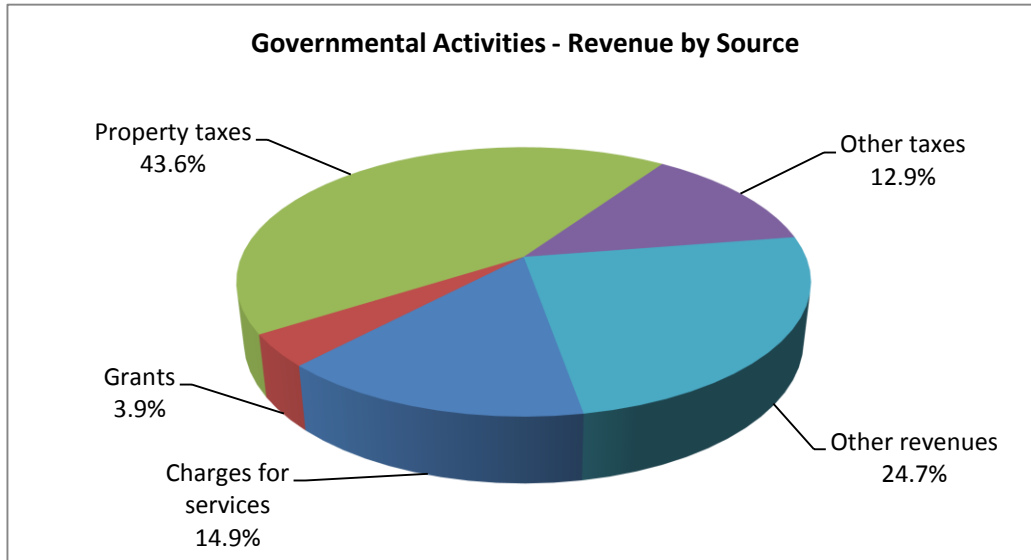
Inflation - while overall inflation appears to be reasonably modest, the Village is a major consumer of certain commodities such as supplies, fuels, and parts. Some functions may experience unusual commodity-specific increases.

**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 \$72.1 million, a decrease of \$0.2 million (0.3%). Property taxes continue to be the Village's largest revenue source coming in at \$31.4 million and representing 43.6% of total Governmental Activity revenue. Other revenues, representing support from other governmental agencies (mainly shared revenue from the State of Illinois), provide 24.7% of total governmental revenues.

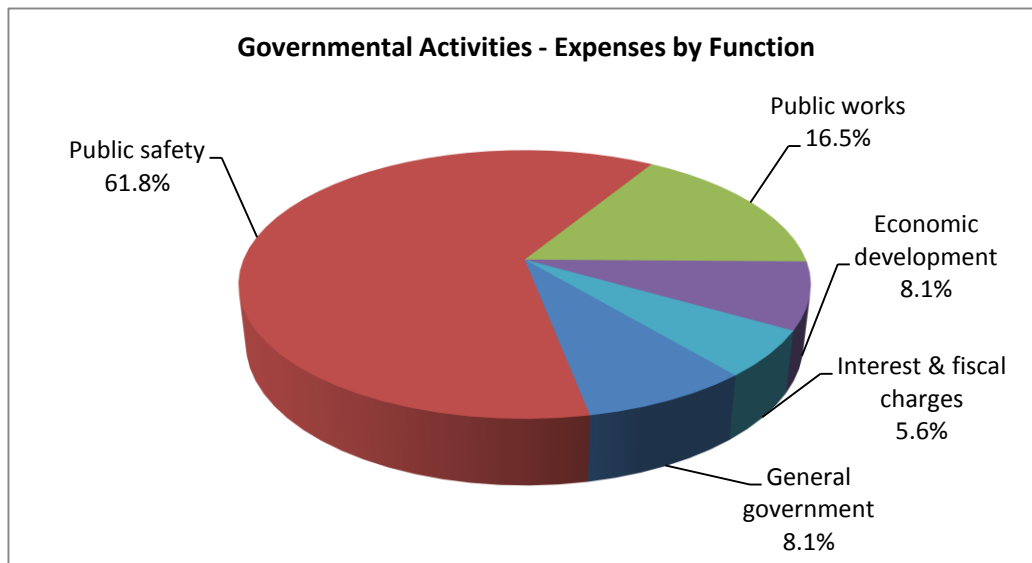
General revenues (property taxes, other taxes, and other revenues) remained mostly unchanged from the prior year.

The charges for services category increase of \$0.4 million results from general rate increases and an increase in discretionary services that relate directly to improving economic conditions.

Operating grants decreased by \$0.8 million as a result of a \$0.2 million decrease due to a one-time grant in the prior year and a \$0.6 decrease in state-shared motor fuel tax.

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

Expenses



For the current year, expenses from Governmental Activities totaled \$64.4 million, which represents a \$4.2 million (6.1%) decrease from the prior year.

General government expenses experienced a decrease of \$1.1 million (17.5%) mainly as a result of a \$0.6 million reduction in liability insurance claims, an increase in asset capitalizations of \$0.3, and a \$0.1 million decrease related to pensions.

Public safety expenses show a decrease of \$2.7 million (6.4%) mainly due to a \$1.4 million decrease related to pensions, and a \$1.3 million decrease related to a pay-down of accrued compensated absences.

Public works expenses show a decrease of \$1.6 million (13.1%) mainly due to a \$1.4 million planned reduction in infrastructure maintenance costs, and a decrease of \$0.1 million related to pensions.

Economic development activities show an increase of \$1.8 million (52.9%), as a result of an increase in redevelopment activities within the Village's TIF Funds.

Interest and fiscal charges reflect a \$0.6 million (14.3%) decrease from reduced interest charges from paid-down principal balances.

Business-Type Activities

Revenues

Total revenue for the business-type activities experienced a \$0.2 million (1.0%) increase in the current year, which was mainly due to a water and sewer 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 \$3.2 million (18.6%), which was mainly a result of 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 \$50.4 million, which is an \$11.7 million decrease from the prior year balance of \$62.1 million. This increase is mainly attributable to planned capital expenditures and redevelopment activities within the Village's TIF Districts. The total fund balance of \$62.1 million is comprised of the following components:

Nonspendable Fund Balance of \$5.0 million represents the portion of fund balance that is not available to be spent, either short-term or long-term, in form: \$5.0 million for advances.

Restricted Fund Balance totaling \$14.8 million represents the portion of fund balance that is subject to external enforceable legal restrictions: \$1.0 million for highways and streets; \$0.2 million for debt service; \$0.8 million for public safety; and \$12.8 million for economic development.

Assigned Fund Balance in the amount of \$13.5 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 \$17.0 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 decreased by \$0.9 million (3.8%) from the prior year; the fund balance for the prior year showed an increase of \$0.1 million. Revenues increased by \$0.5 million and expenditures increased by \$1.9 million, resulting in a \$1.3 million decrease in results from operations compared to the prior year, both before other financing uses (transfers). Net financing sources (uses) decreased by \$0.3 million, which had a positive 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	\$ 53.1	\$ 53.1	\$ 53.7	\$ 53.2	
Expenditures	52.5	54.1	52.3	50.4	
Excess (deficiency) of revenues over expenditures	0.6	(1.0)	1.4	2.7	
Other financing sources (uses)	(0.5)	(2.3)	(2.3)	(2.6)	
Net change in fund balance	\$ 0.1	\$ (3.3)	\$ (0.9)	\$ 0.1	

In total, 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	\$ 18.9	\$ 19.2	\$ (0.3)	
State sales tax	8.4	8.8	(0.4)	
Home rule sales tax	4.4	4.5	(0.1)	
State income tax	7.3	6.6	0.7	

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 expenditures were \$1.9 million higher than the prior year mainly due an increase in personnel costs due to regular increases and a one-time payout of accrued unpaid sick leave.

General Fund actual revenues and actual expenditures were \$0.6 million higher and \$1.8 million lower than the final budgeted amounts, respectively. Approximately one-half of the expenditure budget variance was due to decreased actual spending from vacant positions and the other half was due to consciously controlled spending on supplies and services.

The Downtown TIF Fund experienced a negative net change in fund balance in the amount of \$0.7 million mainly as a result of lagging tax receipts from decreasing incremental values of properties within the district. The Rand Road Corridor TIF Fund experienced a negative net change in fund balance of \$3.3 million mainly due to a \$3.8 million write-down of land being held for development purposes. The General Obligation Bond Fund experienced a slight negative of less than \$0.1 million net change in fund balance based mainly on the timing of collections of the property tax levy. The Village Hall Renovation Fund shows a net decrease in fund balance of \$7.7 million, which represents the planned spending of resources on hand for this project.

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

Proprietary Funds

The Enterprise Funds' (as presented on pages 12-17) total net position decreased by \$1.4 million (2.4%). This decrease is primarily due to a \$0.8 million decrease in the Waterworks and Sewerage Funds from increased infrastructure maintenance expenses; a \$0.1 million decrease in the Refuse Collection Fund mainly due to operating transfers to other funds; and a \$0.5 million decrease in the Motor Vehicle Parking Fund due to depreciation of capital assets.

CAPITAL ASSETS

The Village's investment in capital assets for its governmental and business-type activities amounts to \$257.7 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 \$9.5 million increase (including additions and deductions) from the prior year. Detailed information regarding the change in capital assets for governmental and business-type activities is included in the Notes to the Financial Statements on pages 34–35.

The net capital assets for governmental activities increased by \$9.6 million and net capital assets for business-type activities decreased from last year by \$0.1. The increase in governmental activities net capital assets was mainly due to the capitalization of the Village Hall Renovation Project and the decrease in business-type activities net capital assets was due mainly to net depreciation exceeding capital additions and reductions.

DEBT OUTSTANDING

In calendar year 2015, the Village issued general obligation bonds totaling \$7,165,000 to provide financing for capital projects.

The Village currently has nineteen general obligation bond series, one general obligation capital appreciation bond series, and one tax increment revenue limited obligation redevelopment notes series outstanding. \$87.985 million of general obligation bonds, \$1.855 million of general obligation capital appreciation bonds and \$0.1 million of tax increment revenue limited obligation redevelopment notes are currently outstanding.

\$21.785 million (24.8%) of the \$87.985 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 2015, Moody's Investors Service and Standard and Poor's reaffirmed the Village's AA1 and AA+

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

ratings, respectively. Both companies cited the Village's well-managed financial operations, moderate direct debt burden, and aggressive retirement of its general obligation bonds.

Additional information of the Village's long-term debt can be found in the Notes to the Financial Statements on pages 36-40.

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 2016 budget includes a stable property tax levy, which marks five consecutive years of either a decreased or constant tax levy. 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 impact 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, with the precarious situation of the State's budget, previous proposals to balance the State's budget have included the potential reduction of this revenue source by one half. At this 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 \$0.24 (5.3%) 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.

(This page is intentionally left blank.)

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 44,135,332	\$ 16,632,413	\$ 60,767,745
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	21,817,728	-	21,817,728
Accounts	-	2,006,831	2,006,831
Other	1,018,491	143,280	1,161,771
Due from other governments	5,021,255	-	5,021,255
Accrued interest	38,860	410	39,270
Prepaid expenses	60,325	-	60,325
Inventories	181,630	-	181,630
Land held for resale	13,028,799	-	13,028,799
Investment in joint venture			
Northwest Water Commission	-	11,656,100	11,656,100
Capital assets not being depreciated	162,219,950	4,858,690	167,078,640
Capital assets being depreciated (net of accumulated depreciation)	46,314,990	44,269,975	90,584,965
Total assets	293,837,360	79,567,699	373,405,059
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	463,745	211,535	675,280
Deferred outflows related to pensions	31,729,306	682,638	32,411,944
Total deferred outflows of resources	32,193,051	894,173	33,087,224
LIABILITIES			
Accounts payable	2,486,025	2,612,265	5,098,290
Accrued payroll	1,337,723	85,541	1,423,264
Accrued interest payable	271,670	47,580	319,250
Due to fiduciary funds	22,878	-	22,878
Deposits payable	546,493	228,788	775,281
Claims payable	969,807	-	969,807
Unearned revenues	65,914	143,630	209,544
Noncurrent liabilities			
Due within one year	6,396,635	3,421,310	9,817,945
Due in more than one year	183,449,989	16,515,078	199,965,067
Total liabilities	195,547,134	23,054,192	218,601,326
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	21,713,631	-	21,713,631
Deferred inflows related to pensions	297,660	42,359	340,019
Total deferred inflows of resources	22,011,291	42,359	22,053,650
NET POSITION			
Net investment in capital assets	157,741,380	32,408,120	190,149,500
Restricted for			
Streets and highways	1,042,949	-	1,042,949
Public safety	795,629	-	795,629
Unrestricted	(51,107,972)	24,957,201	(26,150,771)
TOTAL NET POSITION	\$ 108,471,986	\$ 57,365,321	\$ 165,837,307

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2015

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Grants and Contributions	
			Operating	Capital
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 5,181,480	\$ 4,338,815	\$ -	\$ -
Public safety	39,766,935	4,290,067	284,061	-
Public works	10,574,340	2,079,704	1,725,722	-
Economic development	5,187,476	-	127,512	-
Interest and fiscal charges	3,685,197	-	628,794	-
Total governmental activities	64,395,428	10,708,586	2,766,089	-
Business-Type Activities				
Waterworks	10,988,330	10,572,378	-	-
Sewerage	3,641,693	3,539,701	-	-
Motor vehicle parking system	1,226,379	701,265	-	-
Refuse collection	4,553,546	4,537,427	-	-
Total business-type activities	20,409,948	19,350,771	-	-
TOTAL PRIMARY GOVERNMENT	\$ 84,805,376	\$ 30,059,357	\$ 2,766,089	\$ -

See accompanying notes to financial statements.

Net (Expense) Revenue and Change in Net Position			
Primary Government			
	Governmental Activities	Business-Type Activities	Total
	\$ (842,665)	\$ -	\$ (842,665)
	(35,192,807)	-	(35,192,807)
	(6,768,914)	-	(6,768,914)
	(5,059,964)	-	(5,059,964)
	(3,056,403)	-	(3,056,403)
	(50,920,753)	-	(50,920,753)
	-	(415,952)	(415,952)
	-	(101,992)	(101,992)
	-	(525,114)	(525,114)
	-	(16,119)	(16,119)
	-	(1,059,177)	(1,059,177)
	(50,920,753)	(1,059,177)	(51,979,930)
General Revenues			
Taxes			
Property	31,387,642	-	31,387,642
Home rule sales	4,360,722	-	4,360,722
Telecommunications	1,891,654	-	1,891,654
Electric utility use	1,641,246	-	1,641,246
Other	1,400,596	-	1,400,596
State shared sales taxes (unrestricted)	9,892,846	-	9,892,846
State shared income tax (unrestricted)	7,294,684	-	7,294,684
Other intergovernmental revenues (unrestricted)	293,748	-	293,748
Investment income	305,362	16,402	321,764
Miscellaneous	156,573	-	156,573
Transfers	360,000	(360,000)	-
Total	58,985,073	(343,598)	58,641,475
CHANGE IN NET POSITION	8,064,320	(1,402,775)	6,661,545
NET POSITION, JANUARY 1 - AS RESTATED	100,407,666	58,768,096	159,175,762
NET POSITION, DECEMBER 31	\$ 108,471,986	\$ 57,365,321	\$ 165,837,307

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2015

	General	Downtown TIF	Rand Road Corridor TIF	General Obligation Bond	Village Hall Renovation	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 13,180,345	\$ -	\$ 586,205	\$ 154,219	\$ 7,811,299	\$ 13,810,968	\$ 35,543,036
Receivables (net, where applicable, of allowances for uncollectibles)							
Property taxes	19,153,128	13,964	8,562	2,642,074	-	-	21,817,728
Other	772,440	224,266	-	-	-	2,220	998,926
Due from other governments	4,382,548	-	-	-	-	638,707	5,021,255
Accrued interest	5,580	-	-	-	-	495	6,075
Due from other funds	722,987	-	-	-	-	-	722,987
Land held for resale	-	8,253,799	4,775,000	-	-	-	13,028,799
Advance to other funds	5,022,070	-	-	-	-	-	5,022,070
 TOTAL ASSETS	 \$ 43,239,098	 \$ 8,492,029	 \$ 5,369,767	 \$ 2,796,293	 \$ 7,811,299	 \$ 14,452,390	 \$ 82,160,876

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	235,896	8,148	6,644	-	1,501,412	607,032	2,359,132
Accrued payroll	1,303,727	-	-	-	-	3,942	1,307,669
Due to other funds	-	637,151	-	-	-	85,836	722,987
Due to fiduciary funds	22,878	-	-	-	-	-	22,878
Deposits payable	546,493	-	-	-	-	-	546,493
Unearned revenues	14,054	-	-	-	-	42,051	56,105
Advance from other funds	-	5,022,070	-	-	-	-	5,022,070
Total liabilities	2,123,048	5,667,369	6,644	-	1,501,412	738,861	10,037,334
DEFERRED INFLOWS OF RESOURCES							
Deferred property taxes	19,081,548	-	-	2,632,083	-	-	21,713,631
Deferred inflows related to pensions	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable in form - advances	5,022,070	-	-	-	-	-	5,022,070
Restricted for streets and highways	-	-	-	-	-	1,042,949	1,042,949
Restricted for debt service	-	-	-	164,210	-	-	164,210
Restricted for public safety	-	-	-	-	-	795,629	795,629
Restricted for economic development	-	2,824,660	5,363,123	-	-	4,691,734	12,879,517
Unrestricted							
Assigned for capital projects	-	-	-	-	6,309,887	7,226,832	13,536,719
Unassigned	17,012,432	-	-	-	-	(43,615)	16,968,817
Total fund balances	22,034,502	2,824,660	5,363,123	164,210	6,309,887	13,713,529	50,409,911
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 43,239,098	\$ 8,492,029	\$ 5,369,767	\$ 2,796,293	\$ 7,811,299	\$ 14,452,390	\$ 82,160,876

See accompanying notes to financial statements.

(This page is intentionally left blank.)

VILLAGE OF PALATINE, ILLINOIS

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

December 31, 2015

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 50,409,911
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	208,534,940
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(72,627,417)
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	41,985
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	(554,290)
Charges on refundings are reported as a deferred outflow of resources on the statement of net position	463,745
Accrued interest on long-term debt is reported as a liability on the statement of net position	(271,670)
Compensated absences payable is not due and payable in the current period and, therefore, is not reported in governmental funds	(1,333,145)
Less compensated absences payable reported in internal service funds	37,380
The net position of internal service funds is included in the governmental activities in the statement of net position	6,899,091
The net OPEB obligation is not a current financial resource and, therefore, is not reported in the governmental funds	(1,809,836)
The following items related to pensions are not current financial resources and, therefore, are not reported in the governmental funds	
Deferred outflows	31,729,306
Less deferred outflows reported in internal service funds	(243,800)
Deferred inflows	(297,660)
Less deferred inflows reported in internal service funds	15,128
Net pension liability	(113,002,026)
Less net pension liability reported in internal service funds	480,344
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 108,471,986</u></u>

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2015

	General	Downtown TIF	Rand Road Corridor TIF	General Obligation Bond	Village Hall Renovation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 25,505,027	\$ 5,150,457	\$ 1,930,177	\$ 2,543,463	\$ -	\$ 5,552,736	\$ 40,681,860
Licenses and permits	3,153,792	-	-	-	-	-	3,153,792
Intergovernmental	19,484,491	126,852	-	501,942	-	2,178,194	22,291,479
Charges for services	3,855,071	-	-	-	-	261,230	4,116,301
Fines and forfeits	1,367,053	-	-	-	-	27,328	1,394,381
Investment income	266,890	18,871	329	442	7,053	11,777	305,362
Miscellaneous	80,843	-	-	-	-	75,730	156,573
Total revenues	53,713,167	5,296,180	1,930,506	3,045,847	7,053	8,106,995	72,099,748
EXPENDITURES							
Current							
General government	5,853,988	-	-	-	-	-	5,853,988
Public safety	40,046,839	-	-	-	-	150,183	40,197,022
Public works	6,419,162	-	-	-	-	-	6,419,162
Economic development	-	44,891	4,209,073	-	-	933,512	5,187,476
Capital outlay	-	18,072	4,239	-	10,006,119	5,855,191	15,883,621
Debt service							
Principal retirement	-	4,673,148	1,115,000	1,199,865	-	-	6,988,013
Interest	-	1,225,317	630,446	1,873,918	-	-	3,729,681
Fiscal charges	-	5,275	3,100	3,236	-	-	11,611
Total expenditures	52,319,989	5,966,703	5,961,858	3,077,019	10,006,119	6,938,886	84,270,574

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	1,393,178	(670,523)	(4,031,352)	(31,172)	(9,999,066)	1,168,109	(12,170,826)
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of capital assets	-	-	-	-	-	51,778	51,778
Transfers in	-	-	750,000	-	2,266,125	435,000	3,451,125
Transfers (out)	(2,266,125)	-	-	-	-	(750,000)	(3,016,125)
Total other financing sources (uses)	(2,266,125)	-	750,000	-	2,266,125	(263,222)	486,778
NET CHANGE IN FUND BALANCE	(872,947)	(670,523)	(3,281,352)	(31,172)	(7,732,941)	904,887	(11,684,048)
FUND BALANCE, JANUARY 1	22,907,449	3,495,183	8,644,475	195,382	14,042,828	12,808,642	62,093,959
FUND BALANCE, DECEMBER 31	\$ 22,034,502	\$ 2,824,660	\$ 5,363,123	\$ 164,210	\$ 6,309,887	\$ 13,713,529	\$ 50,409,911

See accompanying notes to financial statements.

(This page is intentionally left blank.)

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, 2015

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (11,684,048)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	12,245,885
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	(2,603,282)
Cost of capital assets disposed	(49,970)
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	6,988,013
The amortization of discount on long-term debt is reported as an expense on the statement of activities	(5,480)
The amortization of premium on long-term debt is reported as a reduction of expense on the statement of activities	190,815
The amortization of the loss on refunding on long-term debt is reported as an expense on the statement of activities	(142,920)
The change in the accrual of interest on long-term debt is reported as an expense on the statement of activities	13,680
The change in compensated absences payable is shown as an expense on the statement of activities	1,358,280
The change in net position of certain activities of internal service funds is reported in governmental funds on the statement of activities	595,525
The change in net OPEB obligation is not a current financial resource and, therefore, is not reported in the governmental funds	(388,420)
The change in the following items related to pensions are not current financial resources and, therefore, are not reported in the governmental funds	
Deferred outflows related to pensions	31,485,506
Deferred inflows related to pensions	(282,532)
Net pension liability	(29,656,732)
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 8,064,320</u>

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2015

	Business-Type Activities					Governmental
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service
CURRENT ASSETS						
Cash and investments	\$ 9,812,918	\$ 4,252,847	\$ 1,370,409	\$ 1,196,239	\$ 16,632,413	\$ 8,592,296
Receivables (net, where applicable, of allowances for uncollectibles)						
Accounts	1,471,120	508,000	-	27,711	2,006,831	-
Other	-	27,758	-	115,522	143,280	19,565
Accrued interest	215	195	-	-	410	32,785
Prepaid expenses	-	-	-	-	-	60,325
Inventories	-	-	-	-	-	181,630
Total current assets	11,284,253	4,788,800	1,370,409	1,339,472	18,782,934	8,886,601
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	19,518,050	61,303,955	-	-	80,822,005	-
Machinery and equipment	2,575,285	286,080	-	-	2,861,365	-
Accumulated depreciation	(15,700,175)	(36,639,760)	(10,291,890)	-	(62,631,825)	-
Total capital assets	13,872,765	25,547,820	9,708,080	-	49,128,665	-
Other assets						
Investment in joint venture Northwest Water Commission	11,656,100	-	-	-	11,656,100	-
Total noncurrent assets	25,528,865	25,547,820	9,708,080	-	60,784,765	-
Total assets	36,813,118	30,336,620	11,078,489	1,339,472	79,567,699	8,886,601

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	1,205	210,330	-	-	211,535	-
Deferred outflows related to pensions	487,598	195,040	-	-	682,638	243,800
Total deferred outflows of resources	488,803	405,370	-	-	894,173	243,800
CURRENT LIABILITIES						
Accounts payable	1,389,542	940,070	18,721	263,932	2,612,265	126,893
Accrued payroll	60,298	25,243	-	-	85,541	30,054
Accrued interest payable	21,475	26,105	-	-	47,580	-
Deposits payable	228,788	-	-	-	228,788	-
Claims payable	-	-	-	-	-	969,807
Unearned revenues	-	-	-	143,630	143,630	9,809
Compensated absences payable	17,705	3,605	-	-	21,310	7,480
General obligation bonds payable	2,370,000	1,030,000	-	-	3,400,000	-
Total current liabilities	4,087,808	2,025,023	18,721	407,562	6,539,114	1,144,043
LONG-TERM LIABILITIES						
Claims payable	-	-	-	-	-	561,895
Compensated absences payable	70,815	14,400	-	-	85,215	29,900
Net pension liability	960,688	384,275	-	-	1,344,963	480,344
General obligation bonds payable	6,261,300	8,823,600	-	-	15,084,900	-
Total long-term liabilities	7,292,803	9,222,275	-	-	16,515,078	1,072,139
Total liabilities	11,380,611	11,247,298	18,721	407,562	23,054,192	2,216,182
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	30,256	12,103	-	-	42,359	15,128
NET POSITION						
Net investment in capital assets	6,685,825	16,014,215	9,708,080	-	32,408,120	-
Unrestricted	19,205,229	3,468,374	1,351,688	931,910	24,957,201	6,899,091
TOTAL NET POSITION	\$ 25,891,054	\$ 19,482,589	\$ 11,059,768	\$ 931,910	\$ 57,365,321	\$ 6,899,091

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, 2015

	Business-Type Activities				Governmental Activities	
	Waterworks	Sewerage	Motor Vehicle Parking System	Refuse Collection	Total	Internal Service
OPERATING REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,118
Charges for services	10,522,997	3,497,667	701,265	4,537,427	19,259,356	9,914,912
Miscellaneous	49,381	42,034	-	-	91,415	130,708
Total operating revenues	10,572,378	3,539,701	701,265	4,537,427	19,350,771	10,058,738
OPERATING EXPENSES EXCLUDING DEPRECIATION						
Costs of sales and services	9,824,589	2,060,408	442,299	4,553,546	16,880,842	9,416,701
Total operating expenses excluding depreciation	9,824,589	2,060,408	442,299	4,553,546	16,880,842	9,416,701
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	747,789	1,479,293	258,966	(16,119)	2,469,929	642,037
DEPRECIATION	755,790	1,263,550	784,080	-	2,803,420	-
OPERATING INCOME (LOSS)	(8,001)	215,743	(525,114)	(16,119)	(333,491)	642,037
NONOPERATING REVENUES (EXPENSES)						
Investment income	6,934	5,734	688	3,046	16,402	28,488
Interest expense	(250,821)	(317,735)	-	-	(568,556)	-
Loss on disposal of fixed assets	(44,340)	-	-	-	(44,340)	-
Joint venture	(112,790)	-	-	-	(112,790)	-
Total nonoperating revenues (expenses)	(401,017)	(312,001)	688	3,046	(709,284)	28,488

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	(409,018)	(96,258)	(524,426)	(13,073)	(1,042,775)	670,525
Transfers (out)	(130,000)	(130,000)	-	(100,000)	(360,000)	(75,000)
CHANGE IN NET POSITION	(539,018)	(226,258)	(524,426)	(113,073)	(1,402,775)	595,525
NET POSITION, JANUARY 1 - AS RESTATED	26,430,072	19,708,847	11,584,194	1,044,983	58,768,096	6,303,566
NET POSITION, DECEMBER 31	\$ 25,891,054	\$ 19,482,589	\$ 11,059,768	\$ 931,910	\$ 57,365,321	\$ 6,899,091

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2015

	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	\$ 10,532,605	\$ 3,538,192	\$ 701,265	\$ 4,562,788	\$ 19,334,850	\$ 1,474,067
Receipts from interfund services transactions	-	-	-	-	-	8,594,295
Payments to suppliers	(6,996,427)	(214,287)	(385,540)	(4,436,361)	(12,032,615)	(9,367,401)
Payments to employees	(1,526,339)	(653,603)	-	-	(2,179,942)	(773,712)
Payments for interfund services transactions	(150,000)	(380,000)	(60,000)	(111,000)	(701,000)	-
Net cash from operating activities	1,859,839	2,290,302	255,725	15,427	4,421,293	(72,751)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers out	(130,000)	(130,000)	-	(100,000)	(360,000)	(75,000)
Net cash from noncapital financing activities	(130,000)	(130,000)	-	(100,000)	(360,000)	(75,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital assets purchased	(2,115,655)	(660,265)	-	-	(2,775,920)	-
Proceeds of bonds issued	6,549,142	1,637,285	-	-	8,186,427	-
Principal payments on long-term debt	(3,358,320)	(891,815)	-	-	(4,250,135)	-
Interest and fiscal charges paid on long-term debt	(131,789)	(305,362)	-	-	(437,151)	-
Net cash from capital and related financing activities	943,378	(220,157)	-	-	723,221	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	8,929	6,904	688	4,101	20,622	16,588
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,682,146	1,947,049	256,413	(80,472)	4,805,136	(131,163)
CASH AND CASH EQUIVALENTS, JANUARY 1	7,130,772	2,305,798	1,113,996	1,276,711	11,827,277	8,723,459
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 9,812,918	\$ 4,252,847	\$ 1,370,409	\$ 1,196,239	\$ 16,632,413	\$ 8,592,296

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)	\$ (8,001)	\$ 215,743	\$ (525,114)	\$ (16,119)	\$ (333,491)	\$ 642,037
Adjustments to reconcile operating income (loss) to net cash from operating activities						
Depreciation	755,790	1,263,550	784,080	-	2,803,420	-
(Increase) decrease in						
Accounts receivables	(40,973)	(10,371)	-	23,711	(27,633)	-
Other receivables	-	8,862	-	990	9,852	5,147
Inventories	-	-	-	-	-	15,485
Deferred outflows related to pensions	(487,598)	(195,040)	-	-	(682,638)	(243,800)
Increase (decrease) in						
Accounts payable	1,196,453	822,828	(3,241)	6,185	2,022,225	(527,508)
Accrued payroll	19,855	9,380	-	-	29,235	10,897
Deposits payable	1,200	-	-	-	1,200	-
Claims payable	-	-	-	-	-	(210,268)
Unearned revenue	-	-	-	660	660	4,477
Compensated absences payable	(24,760)	(3,800)	-	-	(28,560)	6,845
Net pension liability	417,617	167,047	-	-	584,664	208,809
Deferred inflows related to pensions	30,256	12,103	-	-	42,359	15,128
NET CASH FROM OPERATING ACTIVITIES	\$ 1,859,839	\$ 2,290,302	\$ 255,725	\$ 15,427	\$ 4,421,293	\$ (72,751)
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES						
Loss on disposal of fixed assets	\$ (44,340)	\$ -	\$ -	\$ -	\$ (44,340)	\$ -
Change in investment in joint venture	(112,790)	-	-	-	(112,790)	-
TOTAL NONCASH INVESTING AND FINANCING ACTIVITIES	\$ (157,130)	\$ -	\$ -	\$ -	\$ (157,130)	\$ -

See accompanying notes to financial statements.

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

December 31, 2015

	Pension Trust	Agency
<hr/>		
ASSETS		
Cash and cash equivalents	\$ 1,517,029	\$ 1,592,990
Investments		
U.S. Treasury securities	18,161,250	-
U.S. agency securities	2,387,091	-
Corporate and international bonds	20,480,635	-
Municipal bonds	662,995	-
Money market mutual funds	710,020	-
Equities	77,100,138	-
Receivables		
Property taxes	-	626,307
Accrued interest	291,655	-
Due from primary government	22,878	-
Prepaid items	-	3,000
	<hr/>	
Total assets	121,333,691	\$ 2,222,297
	<hr/>	
LIABILITIES		
Accounts payable	-	\$ 17,195
Other liabilities	-	1,035,182
Due to bondholders	-	1,169,920
	<hr/>	
TOTAL LIABILITIES	-	\$ 2,222,297
	<hr/>	
NET POSITION		
Restricted for pensions	\$ 121,333,691	
	<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, 2015

ADDITIONS	
Contributions	
Employer	\$ 6,992,161
Employee	1,891,255
Miscellaneous income	<u>319</u>
Total contributions	<u>8,883,735</u>
Investment earnings	
Net increase (decrease) in the fair value of investments	(3,976,923)
Interest	<u>3,094,146</u>
Total investment earnings	(882,777)
Less investment expense	<u>(398,222)</u>
Net investment earnings	<u>(1,280,999)</u>
Total additions	<u>7,602,736</u>
DEDUCTIONS	
Administration	49,142
Benefits and refunds	
Retirement benefits	<u>8,081,672</u>
Total deductions	<u>8,130,814</u>
CHANGE IN NET POSITION	(528,078)
NET POSITION	
January 1	<u>121,861,769</u>
December 31	<u><u>\$ 121,333,691</u></u>

See accompanying notes to financial statements.

(This page is intentionally left blank.)

VILLAGE OF PALATINE, ILLINOIS
INDEX TO
NOTES TO FINANCIAL STATEMENTS

December 31, 2014

Footnote Number	Description	Page(s)
1	Summary of Significant Accounting Policies	20 - 30
2	Deposits and Investments	30 - 32
3	Receivables	32 - 33
4	Capital Assets	34 - 35
5	Long-Term Debt	36 - 40
6	Risk Management	40 - 41
7	Contingent Liabilities	41 - 42
8	Joint Ventures	42 - 44
9	Individual Fund Disclosures	45 - 46
10	Other Postemployment Benefits	46 - 49
11	Employee Retirement Systems	49 - 71
12	Pension Trust Funds	71 - 72
13	Change in Accounting Principle	73

(This page is intentionally left blank.)

VILLAGE OF PALATINE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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. PPERS does not issue a stand-alone financial report.

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 and are recognized as expenditures proportionately over the periods that the service is provided.

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

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. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Interfund Transactions

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

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

r. 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.

2. DEPOSITS AND INVESTMENTS (Continued)

Village Deposits and Investments (Continued)

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

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

Deposits with Financial Institutions

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

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.

2. DEPOSITS AND INVESTMENTS (Continued)

Deposits with Financial Institutions (Continued)

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.

3. RECEIVABLES

a. Property taxes

Property taxes for 2015 attach as an enforceable lien on January 1, 2015, 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 2015 tax levy has been recorded as unavailable revenue on the financial statements.

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

3. RECEIVABLES (Continued)

b. Other Receivables

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

GOVERNMENTAL ACTIVITIES	
Hotel occupancy tax	\$ 12,865
Ambulance service and fees	127,550
Cable franchise fees	297,405
Food and beverage tax	140,905
Red light violations	57,895
Electric utility tax	135,820
Loan receivable	224,266
Billed receivables	<u>21,785</u>
Total governmental activities	<u>1,018,491</u>
BUSINESS-TYPE ACTIVITIES	
Disposal fees	115,522
Sewer loan program	<u>27,758</u>
Total business-type activities	<u>143,280</u>
TOTAL OTHER RECEIVABLES	<u>\$ 1,161,771</u>

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	\$ 2,118,760
Home rule sales tax	1,133,480
Grants	47,617
State income tax	821,931
Local use tax	132,567
Court fines	40,050
Other state sources	135,760
Motor fuel tax allotments	154,725
Telecommunications tax	<u>436,365</u>
Total government activities	5,021,255
BUSINESS-TYPE ACTIVITIES	<u>-</u>
TOTAL DUE FROM OTHER GOVERNMENTS	<u>\$ 5,021,255</u>

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

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 11,565,020	\$ -	\$ -	\$ 11,565,020
Land right of way	139,806,925	-	-	139,806,925
Buildings and improvements – construction in progress	841,885	10,006,120	-	10,848,005
Total capital assets not being depreciated	152,213,830	10,006,120	-	162,219,950
Capital assets being depreciated				
Buildings and improvements	38,682,175	542,955	-	39,225,130
Machinery and equipment	10,318,270	945,985	354,775	10,909,480
Streets	27,834,185	750,825	106,480	28,478,530
Bridges	1,596,735	-	-	1,596,735
Total capital assets being depreciated	78,431,365	2,239,765	461,255	80,209,875
Less accumulated depreciation for				
Buildings and improvements	\$ 10,865,180	\$ 1,129,675	\$ -	\$ 11,994,855
Machinery and equipment	5,410,080	873,930	354,775	5,929,235
Streets	14,604,993	567,677	56,510	15,116,160
Bridges	822,635	32,000	-	854,635
Total accumulated depreciation	31,702,888	2,603,282	411,285	33,894,885
Total capital assets being depreciated, net	46,728,477	(363,517)	49,970	46,314,990
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 198,942,307	\$ 9,642,603	\$ 49,970	\$ 208,534,940

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

4. CAPITAL ASSETS (Continued)

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	410,670	-	2,861,365
Buildings and improvements	7,336,950	-	-	7,336,950
Water system	17,903,995	1,704,985	90,930	19,518,050
Sewer system	60,645,515	660,265	1,825	61,303,955
Parking improvements	15,881,480	-	-	15,881,480
Total capital assets being depreciated	104,218,635	2,775,920	92,755	106,901,800

Less accumulated depreciation for

Equipment	1,407,365	240,885	-	1,648,250
Buildings and improvements	4,062,305	177,170	-	4,239,475
Water system	9,799,665	373,255	46,590	10,126,330
Sewer system	35,099,675	1,228,030	1,825	36,325,880
Parking improvements	9,507,810	784,080	-	10,291,890
Total accumulated depreciation	59,876,820	2,803,420	48,415	62,631,825

Total capital assets being depreciated, net

44,341,815	(27,500)	44,340	44,269,975
------------	----------	--------	------------

BUSINESS-TYPE ACTIVITIES

CAPITAL ASSETS, NET	\$ 49,200,505	\$ (27,500)	\$ 44,340	\$ 49,128,665
---------------------	---------------	-------------	-----------	---------------

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

GOVERNMENTAL ACTIVITIES

General government	\$ 151,870
Public safety	1,312,180
Public works	1,139,232

TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES

\$ 2,603,282

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 \$120,920,000. During the year, general obligation bonds totaling \$7,165,000 were issued to fund capital projects.

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%	\$ 36,110,000
Governmental activities – refunding	2.000% - 3.750%	3,115,000
Governmental activities – TIF	4.000% - 6.000%	20,535,000
Governmental activities – TIF Refunding	1.000% - 4.000%	12,770,000
Business-type activities	3.000% - 5.000%	7,515,000
Business-type activities – refunding	2.000% - 4.000%	7,940,000
Business-type activities – capital appreciation ⁽¹⁾	7.100%	<u>1,855,000</u>
TOTAL		<u>\$ 89,840,000</u>

⁽¹⁾ The face value of bonds issued was \$4,850,000. The carrying value of the accreted bonds is \$1,855,000.

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
2016	\$ 6,130,000	\$ 3,259,634	\$ 1,545,000	\$ 570,765
2017	5,330,000	3,053,329	1,595,000	519,763
2018	5,525,000	2,875,830	1,480,000	460,363
2019	5,775,000	2,685,332	1,530,000	405,863
2020	5,925,000	2,469,209	1,600,000	349,363
2021	6,275,000	2,240,999	1,665,000	290,163

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	\$ 1,725,000	\$ 228,663
2023	2,705,000	1,698,042	1,065,000	162,443
2024	3,420,000	1,571,968	1,110,000	116,518
2025	3,545,000	1,405,190	1,170,000	67,933
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	\$ 72,530,000	\$ 29,466,725	\$ 15,455,000	\$ 3,228,883

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

Year Ending December 31,	Principal	Accretion
2016	\$ 1,855,000	\$ -
TOTAL	\$ 1,855,000	\$ -

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%	\$ 97,417

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

Year Ending December 31,	Principal	Interest
2016	\$ -	\$ -
2017	-	-
2018	-	-
2019	-	-
2020	-	-
2021	-	-
2022	97,417	-
TOTAL	\$ 97,417	\$ -

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. Noncommitment Debt

Special Service Area Number 5 Bonds, Taxable Series 2008 outstanding as of the date of this report totaled \$5,705,000. These bonds are not an obligation of the Village and are secured solely by the levy of an annual tax on the real property within the special service area. The Village is in no way liable for the repayment, but is only acting as agent for the property owners in levying and collecting the tax and forwarding the collections to the bondholders.

f. Tax Increment Financing Redevelopment Note Disclosures

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

g. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2015 was as follows:

	Beginning Balances – as Restated	Additions	Reductions	Ending Balances	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General obligation bonds	\$ 79,509,865	\$ -	\$ 6,979,865	\$ 72,530,000	\$ 6,130,000
TIF notes	105,565	-	8,148	97,417	-
Claims payable	-	561,895	-	561,895	-
Net pension liability*	83,136,485	29,865,541	-	113,002,026	-
Net OPEB obligation*	1,421,416	388,420	-	1,809,836	-
Compensated absences*	2,684,580	1,042,740	2,394,175	1,333,145	266,635
Total	166,857,911	31,858,596	9,382,188	189,334,319	6,396,635
Less deferred amounts					
Unamortized bond discount	(47,465)	-	(5,480)	(41,985)	-
Unamortized bond premium	745,105	-	190,815	554,290	-
Total deferred amounts	697,640	-	185,335	512,305	-
TOTAL GOVERNMENTAL ACTIVITIES	\$167,555,551	\$ 31,858,596	\$ 9,567,523	\$189,846,624	\$ 6,396,635

* 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	\$ 778,820	\$ 5,732,000	\$ 428,820	\$ 6,082,000	\$ 646,000
Sewer Fund	8,766,315	1,433,000	826,315	9,373,000	899,000
General obligation capital appreciation bonds					
Water Fund	4,537,686	115,814	2,929,500	1,724,000	1,724,000
Sewer Fund	187,662	8,838	65,500	131,000	131,000
Compensated absences					
Water Fund	113,280	55,285	80,045	88,520	17,705
Sewer Fund	21,805	605	4,405	18,005	3,605
Total	14,405,568	7,345,542	4,334,585	17,416,525	3,421,310
Less deferred amounts					
Unamortized bond discount	(17,500)	-	(1,260)	(16,240)	-
Unamortized bond premium	211,365	1,021,427	41,652	1,191,140	-
Total deferred amounts	193,865	1,021,427	40,392	1,174,900	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 14,599,433	\$ 8,366,969	\$ 4,374,977	\$ 18,591,425	\$ 3,421,310

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.

The Village is 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, 2013	\$ 665,410	\$ 1,122,215	\$ 236,920	\$ 2,024,545
Claims incurred – 2014	3,572,390	644,910	128,260	4,345,560
Claims payments – 2014	3,527,000	481,160	179,175	4,187,335
UNPAID CLAIMS, DECEMBER 31, 2014	710,800	1,285,965	186,005	2,182,770
Claims incurred – 2015	5,320,181	53,567	160,897	5,534,645
Claims payments – 2015	5,286,089	665,152	234,472	6,185,713
UNPAID CLAIMS, DECEMBER 31, 2015	\$ 744,892	\$ 674,380	\$ 112,430	\$ 1,531,702

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 \$2,838,000 through December 31, 2016. 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 2016 is \$1,190,000. This is based on an estimated tipping fee of \$49.17 per ton for 24,204.36 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 77 West Hintz Road, Suite 200, Wheeling, Illinois 60090.

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 \$1,337,608 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 \$2,849,443 to NWWC during the year. The Village's equity interest in NWWC was \$11,656,100 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	\$ 637,151
Major governmental General	Nonmajor governmental Rand/Lake Cook TIF	43,615
	Special Police Grant	42,221
Fiduciary Police Pension	Major governmental General	11,043
Firefighters' Pension	General	11,835
TOTAL		<u>\$ 745,865</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>\$ 5,022,070</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:

- \$2,266,125 from the General Fund to the Village Hall Renovation Fund
- \$750,000 from the Dundee Road TIF Fund to the Rand Road Corridor TIF Fund
- \$130,000 from the Water Fund to the Capital Equipment Acquisition Fund
- \$130,000 from the Sewer Fund to the Capital Equipment Acquisition Fund
- \$100,000 from the Refuse Collection Fund to the Capital Improvement Fund
- \$75,000 from the Fleet Services Fund to the Capital Improvement Fund

These transfers relate to the one-time movement of resources between funds that 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.

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

c. Membership

At the date of this report, membership consisted of:

Retirees and beneficiaries currently receiving benefits	64
Active employees	
Fully eligible to retire	53
Not yet fully eligible to retire	229
	<hr/>
TOTAL	346
	<hr/>
Participating employers	1
	<hr/>

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
2013	\$ 390,341	\$ 227,937	58.40%	\$ 1,030,961
2014	730,925	340,470	46.58%	1,421,416
2015	762,490	374,070	49.06%	1,809,836

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

Annual required contribution	\$ 753,014
Interest on net OPEB obligation	56,857
Adjustment to annual required contribution	<u>(47,381)</u>
Annual OPEB cost	762,490
Contributions made	<u>(374,070)</u>
Change in net OPEB obligation	388,420
Net OPEB obligation, beginning of year	<u>1,421,416</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 1,809,836</u>

Funded Status and Funding Progress: The funded status and funding progress of the Plan at December 31, 2014, 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%

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.

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

In the December 31, 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.

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Illinois Municipal Retirement Fund (IMRF)

Plan Administration

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.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Plan Membership

At December 31, 2015, the measurement date, membership consisted of:

Inactive plan members currently receiving benefits	165
Inactive plan members entitled to but not yet receiving benefits	107
Active employees	<u>135</u>
TOTAL	<u>410</u>

Benefits Provided

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.

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Illinois Municipal Retirement Fund (IMRF) (Continued)

Contributions

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 2015 was 12.56% of covered payroll.

Net Pension Liability

The components of the net pension liability of the IMRF as of the date of this report were as follows:

Total pension liability	\$	68,281,849
Plan fiduciary net position		58,674,969
Village's net pension liability		9,606,880
Plan fiduciary net position as a percentage of the total pension liability		85.93%

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 IMRF.

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, 2015
Actuarial cost method	Entry-age normal
Asset valuation method	Market
Inflation	2.75%
Salary increases	3.75 to 14.50%
Interest rate	7.47%
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 – 2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that was applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Illinois Municipal Retirement Fund (IMRF) (Continued)

Discount Rate

The expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.47%.

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
Balances at January 1, 2015	\$ 65,047,647	\$ 59,616,939	\$ 5,430,708
Changes for the period:			
Service cost	1,135,095	-	1,135,095
Interest	4,821,993	-	4,821,993
Difference between expected and actual experience	(422,884)	-	(422,884)
Changes in assumptions	172,219	-	172,219
Employer contributions	-	1,326,807	(1,326,807)
Employee contributions	-	486,317	(486,317)
Net investment income	-	296,437	(296,437)
Benefit payments and refunds	(2,472,221)	(2,472,221)	-
Administrative expense	-	-	-
Other (net transfer)	-	(579,310)	579,310
Net changes	3,234,202	(941,970)	4,176,172
BALANCES AT DECEMBER 31, 2015	\$ 68,281,849	\$ 58,674,969	\$ 9,606,880

The governmental activities portion of the net pension liability is generally liquidated by the General Fund.

Discount Rate Sensitivity

The following is a sensitive 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 7.47% 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 (6.47%) or 1 percentage point higher (8.47%) than the current rate:

	1% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
Net Pension Liability	\$ 18,984,178	\$ 9,606,880	\$ 1,965,174

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Illinois Municipal Retirement Fund (IMRF) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2015, the Village recognized IMRF pension expense of \$3,173,414. At December 31, 2015, the Village reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 93,984	\$ 302,562
Changes in assumptions	1,002,635	-
Net difference between projected and actual earnings on pension plan investments	3,779,355	-
Total	\$ 4,875,974	\$ 302,562

Amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

Period ended December 31,	
2016	\$ 1,548,163
2017	1,251,714
2018	947,858
2019	825,677
2020	-
Thereafter	-
Total	\$ 4,573,412

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. 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.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Plan Membership

At December 31, 2015, the measurement date, membership consisted of:

Inactive plan members currently receiving benefits	65
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>107</u>
 TOTAL	 <u>172</u>
 Number of participating employers	 <u>1</u>

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. Police Pension Employees Retirement System (PPERS) (Continued)

Benefits Provided

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)

b. 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. 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. However, the Village has elected to calculate its annual contribution using the entry age normal level percentage of payroll actuarial cost method that will result in the funding of 100% of the past service cost by the year 2040. For the year ended December 31, 2015, the Village's contribution was 33.03% 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)

b. 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
Equities		
Large Cap	39.2%	6.7%
Mid Cap	3.4%	7.5%
Small Cap	3.8%	8.4%
International	9.8%	7.1%
Real estate	3.5%	6.0%
High Yield Bond Fund	3.8%	5.2%
Fixed income	34.5%	3.7%
Cash and cash equivalents	1.9%	0.1%

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 2015, 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)

b. 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, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -0.37%. 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)

b. 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	\$ 5,667,486	\$ 300,189	\$ 1,346,356	\$ 630,427	\$ 3,390,514
U.S. agency obligations	1,432,219	351,550	611,622	181,901	287,146
Corporate bonds	13,036,622	755,486	6,042,880	5,002,789	1,235,467
Municipal bonds	662,995	60,101	349,372	-	253,522
TOTAL	\$ 20,799,322	\$ 1,467,326	\$ 8,350,230	\$ 5,815,117	\$ 5,166,649

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)

b. 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.

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
Balances at January 1, 2015	\$ 103,713,646	\$ 62,236,359	\$ 41,477,287
Changes for the period:			
Service cost	2,015,249	-	2,015,249
Interest	7,633,547	-	7,633,547
Difference between expected and actual experience	550,745	-	550,745
Changes in assumptions	7,001,248	-	7,001,248
Employer contributions	-	3,371,172	(3,371,172)
Employee contributions	-	1,034,219	(1,034,219)
Net investment income	-	(209,305)	209,305
Benefit payments and refunds	(3,866,026)	(3,866,026)	-
Administrative expense	-	(35,714)	35,714
Other (net transfer)	-	268	(268)
Net changes	13,334,763	294,614	13,040,149
BALANCES AT DECEMBER 31, 2015	\$ 117,048,409	\$ 62,530,973	\$ 54,517,436

The governmental activities portion of the net pension liability is generally liquidated by the General Fund.

There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to mortality rates.

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. Police Pension Employees Retirement System (PPERS) (Continued)

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. Unless otherwise noted, the same actuarial assumptions are used for Tier 1 and Tier 2.

Actuarial valuation date December 31, 2015

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-2014 Mortality Table (BCHA) projected to 2016 using improvement scale MP-2015. The other non-economic actuarial assumptions used in the December 31, 2015, valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

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	\$ 71,815,296	\$ 54,517,436	\$ 40,399,982

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. Police Pension Employees Retirement System (PPERS) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2015, the Village recognized PPERS pension expense of \$8,386,697. At December 31, 2015, the Village reported deferred outflows of resources and deferred inflows of resources related to PPERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,180,753	\$ -
Changes in assumptions	8,685,564	-
Net difference between projected and actual earnings on pension plan investments	3,578,840	-
Total	<u>\$ 14,445,157</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PPERS will be recognized in pension expense as follows:

<u>Period ended December 31,</u>	
2016	\$ 4,014,789
2017	4,014,789
2018	4,014,789
2019	2,400,790
2020	-
Thereafter	-
Total	<u>\$ 14,445,157</u>

c. 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)

c. 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.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Plan Membership

At December 31, 2015, the measurement date, membership consisted of:

Inactive plan members currently receiving benefits	66
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>91</u>
 TOTAL	 <u>157</u>
 Number of participating employers	 <u>1</u>

Benefits Provided

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)

c. 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. 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. However, the Village has elected to calculate its annual contribution using the entry age normal level percentage of payroll actuarial cost method that will result in the funding of 100% of the past service cost by the year 2040. For the year ended December 31, 2015, the Village's contribution was 40.66% of covered payroll.

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. 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
Equities		
Large Cap	21%	6.81%
Small Cap	6%	9.90%
World Equity	17%	8.84%
Emerging Markets	4%	11.25%
High Yield Bond Fund	5%	5.48%
Emerging Markets Debt Fund	5%	6.95%
Dynamic Asset Allocation Fund	7%	9.31%
Fixed income	34%	3.76%
Cash and cash equivalents	1%	0.10%

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. 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 2015, 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, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -1.82%. 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)

c. 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 Depository 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	\$ 12,493,764	\$ -	\$ 7,553,921	\$ 4,939,843	\$ -
U.S. agency obligations	954,872	423	518,425	436,024	-
Corporate bonds	7,444,013	2,083,572	4,039,002	1,321,439	-
TOTAL	\$ 20,892,649	\$ 2,083,995	\$ 12,111,348	\$ 6,697,306	\$ -

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)

c. 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.

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.

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
Balances at January 1, 2015	\$ 96,614,199	\$ 59,625,410	\$ 36,988,789
Changes for the period:			
Service cost	1,980,545	-	1,980,545
Interest	7,087,978	-	7,087,978
Difference between expected and actual experience	4,554	-	4,554
Changes in assumptions	7,553,761	-	7,553,761
Employer contributions	-	3,620,989	(3,620,989)
Employee contributions	-	857,036	(857,036)
Net investment income	-	(1,071,694)	1,071,694
Benefit payments and refunds	(4,215,646)	(4,215,646)	-
Administrative expense	-	(13,428)	13,428
Other (net transfer)	-	51	(51)
Net changes	12,411,192	(822,692)	13,233,884
BALANCES AT DECEMBER 31, 2015	\$ 109,025,391	\$ 58,802,718	\$ 50,222,673

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

The governmental activities portion of the net pension liability is generally liquidated by the General Fund.

There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to mortality rates.

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. Unless otherwise noted, the same actuarial assumptions are used for Tier 1 and Tier 2.

Actuarial valuation date	December 31, 2015
--------------------------	-------------------

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-2014 Mortality Table (BCHA) projected to 2016 using improvement scale MP-2015. The other non-economic actuarial assumptions used in the December 31, 2015, valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

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	\$ 64,928,748	\$ 50,222,673	\$ 38,060,929

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2015, the Village recognized FPERS pension expense of \$7,276,529. At December 31, 2015, the Village reported deferred outflows of resources and deferred inflows of resources related to FPERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,643	\$ 37,457
Changes in assumptions	7,708,465	-
Net difference between projected and actual earnings on pension plan investments	5,378,705	-
Total	\$ 13,098,813	\$ 37,457

Amounts reported as deferred outflows of resources and deferred inflows of resources related to FPERS will be recognized in pension expense as follows:

Period ended December 31,	
2016	\$ 3,481,363
2017	3,481,363
2018	3,481,364
2019	2,609,266
2020	-
Thereafter	-
Total	\$ 13,053,356

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 total pension liability of the plans as disclosed in Notes 11 a - c:

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

d. Funded Status (Continued)

	IMRF	PPERS	FPERS
Actuarial valuation date	December 31, 2015	December 31, 2015	December 31, 2015
Total pension liability (TPL)	\$ 68,281,849	\$ 117,048,409	\$ 109,025,391
Plan fiduciary net position	58,674,969	62,530,973	58,802,718
Net pension liability (NPL)	9,606,880	54,517,436	50,222,673
Plan fiduciary net position as a percentage of the TPL	85.93%	53.42%	53.93%
Covered payroll (active plan members)	\$ 10,563,758	\$ 10,205,207	\$ 8,905,763
Net pension liability as a percentage of covered payroll	90.94%	534.21%	563.93%

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.

12. PENSION TRUST FUNDS

a. Schedule of Net Position

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and cash equivalents	\$ 1,132,609	\$ 384,420	\$ 1,517,029
Investments			
U.S. Treasury securities	5,667,486	12,493,764	18,161,250
U.S. agency securities	1,432,219	954,872	2,387,091
Corporate and international bonds	13,036,622	7,444,013	20,480,635
Municipal bonds	662,995	-	662,995
Money market mutual funds	635,951	74,069	710,020
Equities	39,792,023	37,308,115	77,100,138
Receivables			
Accrued interest	160,025	131,630	291,655
Due from general fund	11,043	11,835	22,878
Total assets	62,530,973	58,802,718	121,333,691
LIABILITIES			
None	-	-	-
Total liabilities	-	-	-
NET POSITION	\$ 62,530,973	\$ 58,802,718	\$ 121,333,691

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	\$ 3,371,172	\$ 3,620,989	\$ 6,992,161
Employee	1,034,219	857,036	1,891,255
Miscellaneous	268	51	319
Total contributions	4,405,659	4,478,076	8,883,735
Investment income			
Net appreciation in fair value of investments	(1,708,449)	(2,268,474)	(3,976,923)
Interest income	1,724,676	1,369,470	3,094,146
Less investment expense	(225,532)	(172,690)	(398,222)
Net investment income	(209,305)	(1,071,694)	(1,280,999)
Total additions	4,196,354	3,406,382	7,602,736
DEDUCTIONS			
Administrative	35,714	13,428	49,142
Pension benefits and refunds	3,866,026	4,215,646	8,081,672
Total deductions	3,901,740	4,229,074	8,130,814
CHANGE IN NET POSITION	294,614	(822,692)	(528,078)
NET POSITION			
January 1	62,236,359	59,625,410	121,861,769
December 31	\$ 62,530,973	\$ 58,802,718	\$ 121,333,691

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

13. CHANGE IN ACCOUNTING PRINCIPLE

As of December 31, 2015, beginning net position was restated for the implementation of GASB Statement 68, as follows:

	Entity-Wide Governmental Activities	Fleet Services Fund	Entity-Wide Business- Type Activities	Waterworks Fund	Sewerage Fund
Net position - as previously reported	\$ 182,375,028	\$ 427,377	\$59,528,395	\$26,973,143	\$19,926,075
Restatement of net pension liability	(81,967,362)	(271,535)	(760,299)	(543,071)	(217,228)
Net position - as restated	\$ 100,407,666	\$ 155,842	\$58,768,096	\$26,430,072	\$19,708,847

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, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 25,859,061	\$ 25,859,061	\$ 25,505,027
Licenses and permits	3,043,500	3,043,500	3,153,792
Intergovernmental	18,845,290	18,865,290	19,484,491
Charges for services	3,495,300	3,495,300	3,855,071
Fines and forfeits	1,482,400	1,482,400	1,367,053
Investment income	244,150	244,150	266,890
Miscellaneous	110,600	113,087	80,843
Total revenues	53,080,301	53,102,788	53,713,167
EXPENDITURES			
General government	6,492,790	6,363,843	5,853,988
Public safety	39,260,190	40,939,719	40,046,839
Public works	6,718,975	6,795,726	6,419,162
Total expenditures	52,471,955	54,099,288	52,319,989
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	608,346	(996,500)	1,393,178
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(500,000)	(2,266,125)	(2,266,125)
Total other financing sources (uses)	(500,000)	(2,266,125)	(2,266,125)
NET CHANGE IN FUND BALANCE	\$ 108,346	\$ (3,262,625)	(872,947)
FUND BALANCE, JANUARY 1			22,907,449
FUND BALANCE, DECEMBER 31			\$ 22,034,502

(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, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Incremental property taxes	\$ 4,204,600	\$ 4,204,600	\$ 5,150,457
Intergovernmental			
Build america bond interest rebate	136,475	136,475	126,852
Investment income	20,510	20,510	18,871
Total revenues	4,361,585	4,361,585	5,296,180
EXPENDITURES			
Economic development			
Supplies and services	25,000	25,000	5,458
Project expenditures	25,000	44,210	39,433
Capital outlay			
Buildings and facilities	-	18,934	1,250
Rights of way improvements	-	20,000	-
Street improvements	-	16,822	16,822
Debt service			
Principal retirement	4,658,000	4,683,000	4,673,148
Interest	1,302,570	1,225,320	1,225,317
Fiscal charges	5,250	7,250	5,275
Total expenditures	6,015,820	6,040,536	5,966,703
NET CHANGE IN FUND BALANCE	\$ (1,654,235)	\$ (1,678,951)	(670,523)
FUND BALANCE, JANUARY 1			3,495,183
FUND BALANCE, DECEMBER 31			\$ 2,824,660

(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, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Incremental property taxes	\$ 2,140,200	\$ 2,140,200	\$ 1,930,177
Investment income	1,500	1,500	329
Total revenues	2,141,700	2,141,700	1,930,506
EXPENDITURES			
Economic development			
Supplies and services	25,000	25,000	11,730
Project expenditures	387,000	387,000	4,197,343
Capital outlay			
Rights of way improvements	300,000	36,924	4,239
Street improvements	-	257,087	-
Debt service			
Principal retirement	1,040,000	1,115,000	1,115,000
Interest	792,365	630,455	630,446
Fiscal charges	2,250	4,250	3,100
Total expenditures	2,546,615	2,455,716	5,961,858
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(404,915)	(314,016)	(4,031,352)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	750,000	750,000
Total other financing sources (uses)	-	750,000	750,000
NET CHANGE IN FUND BALANCE	\$ (404,915)	\$ 435,984	(3,281,352)
FUND BALANCE, JANUARY 1			8,644,475
FUND BALANCE, DECEMBER 31			\$ 5,363,123

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS PLAN

December 31, 2015

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)
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	25,423,925	20.96%
2014	-	9,984,783	0.00%	9,984,783	24,864,761	40.16%
2015 ¹	-	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

Last Ten Fiscal Years

(schedule to be built prospectively from 2014)

Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency/ (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2014	\$ 1,280,673	\$ 1,299,693	\$ (19,020)	\$ 10,139,928	12.82%
2015	1,326,808	1,326,807	1	10,563,758	12.56%

Notes to the required supplementary information:

Valuation date	Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.
Actuarial cost method	Aggregate entry-age normal
Assumptions	
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28-year closed period until remaining period reaches 15 years (then 15-year rolling period)
Asset valuation method	5 Year smoothed market; 20% corridor
Inflation	3.00%
Salary increases	4.00%
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008 - 2010.
Mortality	RP-2000 Combined Healthy Mortality Table, adjusted for improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Unless otherwise noted, the same actuarial assumptions are used for Tier 1 and Tier 2.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

Last Ten Fiscal Years

Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency/ (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2006	\$ 1,044,267	\$ 1,101,037	\$ (56,770)	\$ 7,384,968	14.91%
2007	1,380,059	1,368,869	11,190	8,322,977	16.45%
2008	1,677,795	1,824,972	(147,177)	8,476,021	21.53%
2009	1,697,492	1,839,264	(141,772)	8,915,082	20.63%
2010	2,685,568	2,685,585	(17)	9,332,860	28.78%
2011	2,971,158	3,489,556	(518,398)	9,749,554	35.79%
2012	2,775,424	3,016,992	(241,568)	9,823,321	30.71%
2013	2,996,776	2,969,877	26,899	10,117,378	29.35%
2014	2,948,599	2,951,135	(2,536)	10,057,662	29.34%
2015	3,038,973	3,371,172	(332,199)	10,205,207	33.03%

Notes to the required supplementary information:

Valuation date	December 31, 2014
Actuarial cost method	Entry-age normal
Assumptions	
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 Years
Asset valuation method	Market
Inflation	3.00%
Salary increases	4.50%
Investment rate of return	7.50%
Retirement age	62 Years
Mortality	RP-2014 Mortality Table (BCHA)

Unless otherwise noted, the same actuarial assumptions are used for Tier 1 and Tier 2.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND

Last Ten Fiscal Years

Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency/ (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2006	\$ 934,767	\$ 986,399	\$ (51,632)	\$ 6,826,186	14.45%
2007	1,066,636	1,062,061	4,575	7,161,378	14.83%
2008	1,219,549	1,440,275	(220,726)	7,451,465	19.33%
2009	1,167,796	1,259,881	(92,085)	7,608,618	16.56%
2010	2,065,574	2,032,916	32,658	7,280,109	27.92%
2011	2,268,637	2,645,961	(377,324)	7,723,119	34.26%
2012	2,698,315	2,876,372	(178,057)	8,000,569	35.95%
2013	2,978,383	2,958,027	20,356	8,408,325	35.18%
2014	3,091,300	3,098,007	(6,707)	8,744,586	35.43%
2015	3,238,069	3,620,989	(382,920)	8,905,763	40.66%

Notes to the required supplementary information:

Valuation date	December 31, 2014
Actuarial cost method	Entry-age normal
Assumptions	
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 Years
Asset valuation method	Market
Inflation	3.00%
Salary increases	4.50%
Investment rate of return	7.50%
Retirement age	62 Years
Mortality	RP-2014 Mortality Table (BCHA)

Unless otherwise noted, the same actuarial assumptions are used for Tier 1 and Tier 2.

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS PLAN

December 31, 2015

Calendar Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2015	374,070	753,014	49.68%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Ten Fiscal Years

(schedule to be built prospectively from 2014)

Fiscal Year	2014	2015
TOTAL PENSION LIABILITY		
Service cost	\$ 1,215,353	\$ 1,135,095
Interest	4,415,607	4,821,993
Changes to benefit terms	-	-
Differences between expected and actual experience	216,592	(422,884)
Changes of assumptions	2,026,659	172,219
Benefit payments, including refunds of member contributions	(2,187,292)	(2,472,221)
Net change in total pension liability	5,686,919	3,234,202
Total pension liability		
Beginning	59,360,728	65,047,647
Ending	\$ 65,047,647	\$ 68,281,849
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 1,299,693	\$ 1,326,807
Contributions - Member	528,559	486,317
Miscellaneous income	221,384	(579,310)
Net investment income	3,425,146	296,437
Benefit payments, including refunds of member contributions	(2,187,292)	(2,472,221)
Administrative expense	-	-
Net change in total pension liability	3,287,490	(941,970)
Plan net position		
Beginning	56,329,449	59,616,939
Ending	\$ 59,616,939	\$ 58,674,969
EMPLOYER'S NET PENSION LIABILITY	\$ 5,430,708	\$ 9,606,880
Plan fiduciary net position as a percentage of the total pension liability	91.65%	85.93%
Covered-employee payroll	\$ 10,139,928	\$ 10,563,758
Employer's net pension liability as a percentage of covered-employee payroll	53.56%	90.94%

(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

Last Ten Fiscal Years

(schedule to be built prospectively from 2014)

Fiscal Year	2014	2015
TOTAL PENSION LIABILITY		
Service cost	\$ 2,128,244	\$ 2,015,249
Interest	6,641,984	7,633,547
Changes to benefit terms	-	-
Differences between expected and actual experience	2,900,261	550,745
Changes of assumptions	5,140,944	7,001,248
Benefit payments, including refunds of member contributions	(3,315,139)	(3,866,026)
Net change in total pension liability	13,496,294	13,334,763
Total pension liability		
Beginning	90,217,352	103,713,646
Ending	\$ 103,713,646	\$ 117,048,409
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 2,951,135	\$ 3,371,172
Contributions - Member	1,356,475	1,034,219
Miscellaneous income	243	268
Net investment income	4,286,605	(209,305)
Benefit payments, including refunds of member contributions	(3,315,139)	(3,866,026)
Administrative expense	(34,045)	(35,714)
Net change in total pension liability	5,245,274	294,614
Plan net position		
Beginning	56,991,085	62,236,359
Ending	\$ 62,236,359	\$ 62,530,973
EMPLOYER'S NET PENSION LIABILITY	\$ 41,477,287	\$ 54,517,436
Plan fiduciary net position as a percentage of the total pension liability	60.01%	53.42%
Covered-employee payroll	\$ 10,057,662	\$ 10,205,207
Employer's net pension liability as a percentage of covered-employee payroll	412.39%	534.21%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

Last Ten Fiscal Years

(schedule to be built prospectively from 2014)

Fiscal Year	2014	2015
TOTAL PENSION LIABILITY		
Service cost	\$ 2,175,704	\$ 1,980,545
Interest	6,540,584	7,087,978
Changes to benefit terms	-	-
Differences between expected and actual experience	(62,429)	4,554
Changes of assumptions	2,775,760	7,553,761
Benefit payments, including refunds of member contributions	(4,046,416)	(4,215,646)
Net change in total pension liability	7,383,203	12,411,192
Total pension liability		
Beginning	89,230,996	96,614,199
Ending	\$ 96,614,199	\$ 109,025,391
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 3,098,007	\$ 3,620,989
Contributions - Member	836,025	857,036
Miscellaneous income	-	51
Net investment income	2,470,732	(1,071,694)
Benefit payments, including refunds of member contributions	(4,046,416)	(4,215,646)
Administrative expense	(22,954)	(13,428)
Net change in total pension liability	2,335,394	(822,692)
Plan net position		
Beginning	57,290,016	59,625,410
Ending	\$ 59,625,410	\$ 58,802,718
EMPLOYER'S NET PENSION LIABILITY	\$ 36,988,789	\$ 50,222,673
Plan fiduciary net position as a percentage of the total pension liability	61.71%	53.93%
Covered-employee payroll	\$ 8,744,586	\$ 8,905,763
Employer's net pension liability as a percentage of covered-employee payroll	422.99%	563.93%

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF INVESTMENT RETURNS

Last Ten Fiscal Years

(schedule to be built prospectively from 2014)

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

Fiscal Year	Police Pension Fund	Firefighters' Pension Fund
2014	7.45%	4.50%
2015	-0.37%	-1.82%

(See independent auditor's report.)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2015

 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.

b. Expenditures/expenses exceeded budget in the following funds:

	Final Budget	Actual
Rand Corridor TIF Fund	2,455,716	5,961,858

(This page is intentionally left blank.)

Combining and Individual Fund Financial Statements and Schedules

Nonmajor Governmental Funds

VILLAGE OF PALATINE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2015

	Special Revenue	Capital Projects	Total Nonmajor Governmental
ASSETS			
Cash and investments	\$ 6,418,899	\$ 7,392,069	\$ 13,810,968
Receivables (net, where applicable, of allowances for uncollectibles)			
Due from other governments	202,342	436,365	638,707
Other	-	2,220	2,220
Accrued interest	-	495	495
TOTAL ASSETS	\$ 6,621,241	\$ 7,831,149	\$ 14,452,390
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 11,470	\$ 595,562	\$ 607,032
Accrued payroll	3,942	-	3,942
Due to other funds	85,836	-	85,836
Unearned revenue	33,296	8,755	42,051
Total liabilities	134,544	604,317	738,861
FUND BALANCES			
Restricted for streets and highways	1,042,949	-	1,042,949
Restricted for public safety	795,629	-	795,629
Restricted for economic development	4,691,734	-	4,691,734
Unrestricted			
Assigned for capital projects	-	7,226,832	7,226,832
Unassigned	(43,615)	-	(43,615)
Total fund balances	6,486,697	7,226,832	13,713,529
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,621,241	\$ 7,831,149	\$ 14,452,390

(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, 2015

	Special Revenue	Capital Projects	Total Nonmajor Governmental
REVENUES			
Taxes	\$ 2,871,081	\$ 2,681,655	\$ 5,552,736
Intergovernmental	2,104,520	73,674	2,178,194
Charges for services	-	261,230	261,230
Fines and forfeits	27,328	-	27,328
Investment income	2,996	8,781	11,777
Miscellaneous	29,009	46,721	75,730
Total revenues	5,034,934	3,072,061	8,106,995
EXPENDITURES			
Current			
Public safety	150,183	-	150,183
Economic development	933,512	-	933,512
Capital outlay	2,281,232	3,573,959	5,855,191
Total expenditures	3,364,927	3,573,959	6,938,886
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,670,007	(501,898)	1,168,109
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	-	51,778	51,778
Transfers in	-	435,000	435,000
Transfers (out)	(750,000)	-	(750,000)
Total other financing sources (uses)	(750,000)	486,778	(263,222)
NET CHANGE IN FUND BALANCES	920,007	(15,120)	904,887
FUND BALANCE, JANUARY 1	5,566,690	7,241,952	12,808,642
FUND BALANCE, DECEMBER 31	\$ 6,486,697	\$ 7,226,832	\$ 13,713,529

(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.

(This page is intentionally left blank.)

VILLAGE OF PALATINE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2015

	Motor Fuel Tax	Community Development Block Grant	Federal Equitable Sharing	State Equitable Sharing	DUI Fines
ASSETS					
Cash and investments	\$ 888,224	\$ -	\$ 508,667	\$ 149,109	\$ 36,829
Receivables					
Due from other governments	154,725	-	-	-	-
TOTAL ASSETS	\$ 1,042,949	\$ -	\$ 508,667	\$ 149,109	\$ 36,829
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 88	\$ -	\$ -
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	29,768	-
Total liabilities	-	-	88	29,768	-
FUND BALANCES (DEFICITS)					
Restricted for streets and highways	1,042,949	-	-	-	-
Restricted for public safety	-	-	508,579	119,341	36,829
Restricted for economic development	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficits)	1,042,949	-	508,579	119,341	36,829
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 1,042,949	\$ -	\$ 508,667	\$ 149,109	\$ 36,829

(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
\$ 130,880	\$ 4,125,154	\$ 566,580	\$ -	\$ 13,456	\$ -	\$ 6,418,899
-	-	-	-	-	47,617	202,342
\$ 130,880	\$ 4,125,154	\$ 566,580	\$ -	\$ 13,456	\$ 47,617	\$ 6,621,241
\$ -	\$ -	\$ -	\$ -	\$ 11,382	\$ -	\$ 11,470
-	-	-	-	-	3,942	3,942
-	-	-	43,615	-	42,221	85,836
-	-	-	-	2,074	1,454	33,296
-	-	-	43,615	13,456	47,617	134,544
-	-	-	-	-	-	1,042,949
130,880	-	-	-	-	-	795,629
-	4,125,154	566,580	-	-	-	4,691,734
-	-	-	(43,615)	-	-	(43,615)
130,880	4,125,154	566,580	(43,615)	-	-	6,486,697
\$ 130,880	\$ 4,125,154	\$ 566,580	\$ -	\$ 13,456	\$ 47,617	\$ 6,621,241

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2015

	Motor Fuel Tax	Community Development Block Grant	Federal Equitable Sharing	State Equitable Sharing	DUI Fines
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,725,722	127,512	69,018	15,593	-
Fines and forfeits	-	-	-	-	27,328
Investment income	203	-	191	28	-
Miscellaneous	10,779	-	-	-	-
Total revenues	1,736,704	127,512	69,209	15,621	27,328
EXPENDITURES					
Current					
Public safety	-	-	3,054	749	3,754
Economic development	-	127,512	-	-	-
Capital outlay	2,159,535	-	-	-	103,620
Total expenditures	2,159,535	127,512	3,054	749	107,374
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(422,831)	-	66,155	14,872	(80,046)
OTHER FINANCING SOURCES (USES)					
Transfers (out)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCE (DEFICIT)	(422,831)	-	66,155	14,872	(80,046)
FUND BALANCE (DEFICIT), JANUARY 1	1,465,780	-	442,424	104,469	116,875
FUND BALANCE (DEFICIT), DECEMBER 31	\$ 1,042,949	\$ -	\$ 508,579	\$ 119,341	\$ 36,829

(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
\$ -	\$ 2,597,533	\$ 273,548	\$ -	\$ -	\$ -	\$ 2,871,081
84,995	-	-	-	1,426	80,254	2,104,520
-	-	-	-	-	-	27,328
78	2,185	311	-	-	-	2,996
153	-	-	-	18,077	-	29,009
85,226	2,599,718	273,859	-	19,503	80,254	5,034,934
60,946	-	-	-	1,426	80,254	150,183
-	735,000	71,000	-	-	-	933,512
-	-	-	-	18,077	-	2,281,232
60,946	735,000	71,000	-	19,503	80,254	3,364,927
24,280	1,864,718	202,859	-	-	-	1,670,007
-	(750,000)	-	-	-	-	(750,000)
-	(750,000)	-	-	-	-	(750,000)
24,280	1,114,718	202,859	-	-	-	920,007
106,600	3,010,436	363,721	(43,615)	-	-	5,566,690
\$ 130,880	\$ 4,125,154	\$ 566,580	\$ (43,615)	\$ -	\$ -	\$ 6,486,697

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Motor fuel tax allotment	\$ 1,734,300	\$ 1,734,300	\$ 1,725,722
Investment income	250	250	203
Miscellaneous			
Reimbursements	-	-	10,779
Total revenues	1,734,550	1,734,550	1,736,704
EXPENDITURES			
Capital outlay			
Street improvements	2,159,535	2,159,535	2,159,535
Total expenditures	2,159,535	2,159,535	2,159,535
NET CHANGE IN FUND BALANCE	\$ (424,985)	\$ (424,985)	(422,831)
FUND BALANCE, JANUARY 1			1,465,780
FUND BALANCE, DECEMBER 31			\$ 1,042,949

(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, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental Grants	\$ 371,466	\$ 130,012	\$ 127,512
Total revenues	371,466	130,012	127,512
EXPENDITURES			
Economic development			
Administrative fees - General Fund	74,293	74,293	74,293
Social service agencies	55,719	55,719	53,219
Capital outlay			
Rights of way improvements	241,454	-	-
Total expenditures	371,466	130,012	127,512
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
FEDERAL EQUITABLE SHARING FUND

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Grants	\$ 20,000	\$ 20,000	\$ 69,018
Investment income	-	-	191
Total revenues	20,000	20,000	69,209
EXPENDITURES			
Public safety			
Police			
Supplies and services	20,000	20,000	3,054
Total expenditures	20,000	20,000	3,054
NET CHANGE IN FUND BALANCE	\$ -	\$ -	66,155
FUND BALANCE, JANUARY 1			442,424
FUND BALANCE, DECEMBER 31			\$ 508,579

(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, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Grants	\$ 5,000	\$ 5,000	\$ 15,593
Investment income	-	-	28
Total revenues	5,000	5,000	15,621
EXPENDITURES			
Public safety			
Police			
Supplies and services	5,000	5,000	749
Total expenditures	5,000	5,000	749
NET CHANGE IN FUND BALANCE	\$ -	\$ -	14,872
FUND BALANCE, JANUARY 1			104,469
FUND BALANCE, DECEMBER 31			\$ 119,341

(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, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Fines and forfeits			
DUI fines	\$ 40,000	\$ 40,000	\$ 27,328
Total revenues	40,000	40,000	27,328
EXPENDITURES			
Public safety			
Police			
Supplies and services	5,000	5,000	3,754
Capital outlay			
Technology	-	103,620	103,620
Total expenditures	5,000	108,620	107,374
NET CHANGE IN FUND BALANCE	\$ 35,000	\$ (68,620)	(80,046)
FUND BALANCE, JANUARY 1			116,875
FUND BALANCE, DECEMBER 31			\$ 36,829

(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, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Foreign fire tax	\$ 70,000	\$ 70,000	\$ 84,995
Investment income	-	-	78
Miscellaneous			
Other	-	-	153
Total revenues	70,000	70,000	85,226
EXPENDITURES			
Public safety			
Fire			
Supplies and services	70,000	70,000	60,946
Total expenditures	70,000	70,000	60,946
NET CHANGE IN FUND BALANCE	\$ -	\$ -	24,280
FUND BALANCE, JANUARY 1			106,600
FUND BALANCE, DECEMBER 31			\$ 130,880

(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, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Incremental property taxes	\$ 2,447,000	\$ 2,447,000	\$ 2,597,533
Investment income	1,000	1,000	2,185
Total revenues	2,448,000	2,448,000	2,599,718
EXPENDITURES			
Economic development			
Surplus distribution	735,000	735,000	735,000
Capital outlay			
Rights of way improvements	-	85,000	-
Street improvements	75,000	180,852	-
Total expenditures	810,000	1,000,852	735,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,638,000	1,447,148	1,864,718
OTHER FINANCING SOURCES (USES)			
Transfers (out)	-	(750,000)	(750,000)
Total other financing sources (uses)	-	(750,000)	(750,000)
NET CHANGE IN FUND BALANCE	\$ 1,638,000	\$ 1,447,148	1,114,718
FUND BALANCE, JANUARY 1			3,010,436
FUND BALANCE, DECEMBER 31			\$ 4,125,154

(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, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Incremental property taxes	\$ 234,000	\$ 234,000	\$ 273,548
Investment income	125	125	311
Total revenues	234,125	234,125	273,859
EXPENDITURES			
Economic development			
Surplus distribution	71,000	71,000	71,000
Total expenditures	71,000	71,000	71,000
NET CHANGE IN FUND BALANCE	<u>\$ 163,125</u>	<u>\$ 163,125</u>	202,859
FUND BALANCE, JANUARY 1			<u>363,721</u>
FUND BALANCE, DECEMBER 31			<u>\$ 566,580</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2015

	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, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Grants	\$ -	\$ 3,500	\$ 1,426
Miscellaneous			
Donations	-	18,077	18,077
Total revenues	-	21,577	19,503
EXPENDITURES			
Public safety			
Fire			
Supplies and services	-	1,787	1,426
Capital outlay			
Vehicles and equipment	-	18,077	18,077
Total expenditures	-	19,864	19,503
NET CHANGE IN FUND BALANCE	\$ -	\$ 1,713	-
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, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Grants	\$ -	\$ 80,255	\$ 80,254
Total revenues	-	80,255	80,254
EXPENDITURES			
Public safety			
Police			
Personnel	-	80,255	80,254
Total expenditures	-	80,255	80,254
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.

VILLAGE OF PALATINE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS

December 31, 2015

	Capital Equipment Acquisition	Capital Improvement	Total
<hr/>			
ASSETS			
Cash and investments	\$ 2,462,035	\$ 4,930,034	\$ 7,392,069
Receivables			
Due from other governments	145,455	290,910	436,365
Other	2,220	-	2,220
Accrued interest	-	495	495
	<hr/>		
TOTAL ASSETS	\$ 2,609,710	\$ 5,221,439	\$ 7,831,149
	<hr/>		
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 47,361	\$ 548,201	\$ 595,562
Unearned revenue	8,755	-	8,755
	<hr/>		
Total liabilities	56,116	548,201	604,317
	<hr/>		
FUND BALANCES			
Unrestricted			
Assigned for capital projects	2,553,594	4,673,238	7,226,832
	<hr/>		
Total fund balances	2,553,594	4,673,238	7,226,832
	<hr/>		
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,609,710	\$ 5,221,439	\$ 7,831,149
	<hr/>		

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2015

	Capital Equipment Acquisition	Capital Improvement	Total
REVENUES			
Taxes	\$ 630,554	\$ 2,051,101	\$ 2,681,655
Intergovernmental	73,674	-	73,674
Charges for services	219,396	41,834	261,230
Investment income	2,327	6,454	8,781
Miscellaneous	46,392	329	46,721
Total revenues	972,343	2,099,718	3,072,061
EXPENDITURES			
Capital outlay	1,835,573	1,738,386	3,573,959
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(863,230)	361,332	(501,898)
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	51,778	-	51,778
Transfers in	260,000	175,000	435,000
Total other financing sources (uses)	311,778	175,000	486,778
NET CHANGE IN FUND BALANCE	(551,452)	536,332	(15,120)
FUND BALANCE, JANUARY 1	3,105,046	4,136,906	7,241,952
FUND BALANCE, DECEMBER 31	\$ 2,553,594	\$ 4,673,238	\$ 7,226,832

(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, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Telecommunication	\$ 682,495	\$ 682,495	\$ 630,554
Intergovernmental			
TIF Rebate	100,830	100,830	73,674
Charges for services			
Rental income	251,275	251,275	219,396
Investment income	3,000	3,000	2,327
Miscellaneous			
Reimbursements	45,000	46,392	46,392
Total revenues	1,082,600	1,083,992	972,343
EXPENDITURES			
Capital outlay			
Technology	243,880	310,580	178,612
Vehicles and equipment	1,148,400	1,699,315	1,656,961
Total expenditures	1,392,280	2,009,895	1,835,573
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(309,680)	(925,903)	(863,230)
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	50,000	50,000	51,778
Transfers in	260,000	260,000	260,000
Total other financing sources (uses)	310,000	310,000	311,778
NET CHANGE IN FUND BALANCE	\$ 320	\$ (615,903)	(551,452)
FUND BALANCE, JANUARY 1			3,105,046
FUND BALANCE, DECEMBER 31			\$ 2,553,594

(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, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Telecommunication	\$ 1,360,895	\$ 1,360,895	\$ 1,261,101
Electric utility use tax	790,000	790,000	790,000
Intergovernmental			
Grants	61,335	32,000	-
Charges for services			
50/50 cost sharing programs	-	-	41,834
Investment income	3,000	3,000	6,454
Miscellaneous			
Reimbursements	-	-	329
Total revenues	2,215,230	2,185,895	2,099,718
EXPENDITURES			
Capital outlay			
Buildings and facilities	529,000	626,935	548,486
Rights of way improvements	669,000	561,409	528,778
Street improvements	705,095	725,928	661,122
Total expenditures	1,903,095	1,914,272	1,738,386
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	312,135	271,623	361,332
OTHER FINANCING SOURCES (USES)			
Transfers in	100,000	175,000	175,000
Total other financing sources (uses)	100,000	175,000	175,000
NET CHANGE IN FUND BALANCE	\$ 412,135	\$ 446,623	536,332
FUND BALANCE, JANUARY 1			4,136,906
FUND BALANCE, DECEMBER 31			\$ 4,673,238

(See independent auditor's report.)

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, 2015

	Fleet Services	Health Insurance	Casualty and Liability Insurance	Total
CURRENT ASSETS				
Cash and investments	\$ 538,548	\$ 3,485,629	\$ 4,568,119	\$ 8,592,296
Receivables				
Other	19,565	-	-	19,565
Accrued interest	-	15,930	16,855	32,785
Prepaid items	-	60,325	-	60,325
Inventories	181,630	-	-	181,630
Total current assets	739,743	3,561,884	4,584,974	8,886,601
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	243,800	-	-	243,800
CURRENT LIABILITIES				
Accounts payable	71,803	51,924	3,166	126,893
Accrued payroll	30,054	-	-	30,054
Claims payable	-	744,892	224,915	969,807
Unearned revenue	-	9,809	-	9,809
Compensated absences payable	7,480	-	-	7,480
Total current liabilities	109,337	806,625	228,081	1,144,043
LONG-TERM LIABILITIES				
Claims payable	-	-	561,895	561,895
Compensated absences payable	29,900	-	-	29,900
Net pension liability	480,344	-	-	480,344
Total long-term liabilities	510,244	-	561,895	1,072,139
Total liabilities	619,581	806,625	789,976	2,216,182
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	15,128	-	-	15,128
NET POSITION				
Unrestricted	348,834	2,755,259	3,794,998	6,899,091
TOTAL NET POSITION	\$ 348,834	\$ 2,755,259	\$ 3,794,998	\$ 6,899,091

(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, 2015

	Fleet Services	Health Insurance	Casualty and Liability Insurance	Total
OPERATING REVENUES				
Intergovernmental	\$ 13,118	\$ -	\$ -	\$ 13,118
Charges for services	1,970,184	6,323,428	1,621,300	9,914,912
Miscellaneous	57,437	-	73,271	130,708
Total operating revenues	2,040,739	6,323,428	1,694,571	10,058,738
OPERATING EXPENSES				
Costs of sales and services	1,772,939	6,852,181	791,581	9,416,701
Total operating expenses	1,772,939	6,852,181	791,581	9,416,701
OPERATING INCOME (LOSS)	267,800	(528,753)	902,990	642,037
NONOPERATING REVENUES (EXPENSES)				
Investment income	192	13,539	14,757	28,488
Total nonoperating revenues (expenses)	192	13,539	14,757	28,488
NET INCOME BEFORE TRANSFERS	267,992	(515,214)	917,747	670,525
Transfers (out)	(75,000)	-	-	(75,000)
CHANGE IN NET POSITION	192,992	(515,214)	917,747	595,525
NET POSITION, JANUARY 1 - AS RESTATED	155,842	3,270,473	2,877,251	6,303,566
NET POSITION, DECEMBER 31	\$ 348,834	\$ 2,755,259	\$ 3,794,998	\$ 6,899,091

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2015

	Fleet Services	Health Insurance	Casualty and Liability Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 269,891	\$ 1,130,905	\$ 73,271	\$ 1,474,067
Receipts from interfund services transactions	1,775,995	5,197,000	1,621,300	8,594,295
Payments to suppliers	(1,044,621)	(6,840,650)	(1,482,130)	(9,367,401)
Payments to employees	(773,712)	-	-	(773,712)
Net cash from operating activities	227,553	(512,745)	212,441	(72,751)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers (out)	(75,000)	-	-	(75,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
None	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	192	8,449	7,947	16,588
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	152,745	(504,296)	220,388	(131,163)
CASH AND CASH EQUIVALENTS, JANUARY 1	385,803	3,989,925	4,347,731	8,723,459
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 538,548</u>	<u>\$ 3,485,629</u>	<u>\$ 4,568,119</u>	<u>\$ 8,592,296</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 267,800	\$ (528,753)	\$ 902,990	\$ 642,037
Adjustments to reconcile operating income to net cash from operating activities				
(Increase) decrease in				
Other receivables	5,147	-	-	5,147
Inventories	15,485	-	-	15,485
Deferred outflows related to pensions	(243,800)	-	-	(243,800)
Increase (decrease) in				
Accounts payable	(58,758)	(463,361)	(5,389)	(527,508)
Accrued payroll	10,897	-	-	10,897
Claims payable	-	474,892	(685,160)	(210,268)
Unearned revenue	-	4,477	-	4,477
Compensated absences payable	6,845	-	-	6,845
Net pension liability	208,809	-	-	208,809
Deferred inflows related to pensions	15,128	-	-	15,128
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 227,553</u>	<u>\$ (512,745)</u>	<u>\$ 212,441</u>	<u>\$ (72,751)</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, 2015

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Intergovernmental			
Gasoline tax rebate	\$ 13,500	\$ 13,500	\$ 13,118
Charges for services			
Vehicle maintenance	2,038,045	2,038,045	1,970,184
Miscellaneous			
Recoveries and refunds	9,450	9,450	50,385
Other	-	-	7,052
Total operating revenues	2,060,995	2,060,995	2,040,739
OPERATING EXPENSES			
Costs of sales and services			
Public works			
Personnel	779,060	784,660	771,591
Supplies and services	1,240,140	1,159,540	1,001,348
Total operating expenses	2,019,200	1,944,200	1,772,939
OPERATING INCOME (LOSS)	41,795	116,795	267,800
NONOPERATING REVENUES (EXPENSES)			
Investment income	100	100	192
NET INCOME BEFORE TRANSFERS	41,895	116,895	267,992
Transfers (out)	-	(75,000)	(75,000)
CHANGE IN NET POSITION	\$ 41,895	\$ 41,895	192,992
NET POSITION, JANUARY 1 - AS RESTATED			155,842
NET POSITION, DECEMBER 31			\$ 348,834

(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, 2015

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Insurance fees and premiums			
Retiree	\$ 538,200	\$ 559,300	\$ 628,008
COBRA	-	-	7,429
Employee	492,100	492,100	490,991
Employer	5,389,255	5,389,255	5,197,000
Total operating revenues	6,419,555	6,440,655	6,323,428
OPERATING EXPENSES			
Costs of sales and services			
Administration	425,110	429,697	416,500
Insurance claims	6,083,405	6,422,533	6,435,681
Total operating expenses	6,508,515	6,852,230	6,852,181
OPERATING INCOME (LOSS)	(88,960)	(411,575)	(528,753)
NONOPERATING REVENUES (EXPENSES)			
Investment income	7,500	7,500	13,539
CHANGE IN NET POSITION	\$ (81,460)	\$ (404,075)	(515,214)
NET POSITION, JANUARY 1			3,270,473
NET POSITION, DECEMBER 31			\$ 2,755,259

(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, 2015

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Insurance fees and premiums	\$ 1,621,300	\$ 1,621,300	\$ 1,621,300
Miscellaneous			
Reimbursements	-	-	73,271
Total operating revenues	1,621,300	1,621,300	1,694,571
OPERATING EXPENSES			
Costs of sales and services			
Administration	141,655	145,195	102,203
Insurance claims	1,685,820	1,682,280	689,378
Total operating expenses	1,827,475	1,827,475	791,581
OPERATING INCOME (LOSS)	(206,175)	(206,175)	902,990
NONOPERATING REVENUES (EXPENSES)			
Investment income	5,000	5,000	14,757
CHANGE IN NET POSITION	\$ (201,175)	\$ (201,175)	917,747
NET POSITION, JANUARY 1			2,877,251
NET POSITION, DECEMBER 31			\$ 3,794,998

(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, 2015

	Pension Trust		Total	
	Police	Firefighters'	Pension	Agency
	Pension	Pension	Trust	Funds
ASSETS				
Cash and cash equivalents	\$ 1,132,609	\$ 384,420	\$ 1,517,029	\$ 1,592,990
Investments				
U.S. Treasury securities	5,667,486	12,493,764	18,161,250	-
U.S. agency securities	1,432,219	954,872	2,387,091	-
Corporate and international bonds	13,036,622	7,444,013	20,480,635	-
Municipal bonds	662,995	-	662,995	-
Money market mutual funds	635,951	74,069	710,020	-
Equities	39,792,023	37,308,115	77,100,138	-
Receivables				
Property taxes	-	-	-	626,307
Accrued interest	160,025	131,630	291,655	-
Due from general fund	11,043	11,835	22,878	-
Prepaid items	-	-	-	3,000
TOTAL ASSETS	62,530,973	58,802,718	121,333,691	\$ 2,222,297
LIABILITIES				
Accounts payable	-	-	-	17,195
Other liabilities	-	-	-	1,035,182
Due to bondholders	-	-	-	1,169,920
TOTAL LIABILITIES	-	-	-	\$ 2,222,297
NET POSITION				
Restricted for pensions	<u>\$ 62,530,973</u>	<u>\$ 58,802,718</u>	<u>\$ 121,333,691</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, 2015

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 3,371,172	\$ 3,620,989	\$ 6,992,161
Employee	1,034,219	857,036	1,891,255
Miscellaneous income	268	51	319
Total contributions	4,405,659	4,478,076	8,883,735
Investment earnings			
Net increase (decrease) in the fair value of investments	(1,708,449)	(2,268,474)	(3,976,923)
Interest	1,724,676	1,369,470	3,094,146
Total investment earnings	16,227	(899,004)	(882,777)
Less investment expense	(225,532)	(172,690)	(398,222)
Net investment earnings	(209,305)	(1,071,694)	(1,280,999)
Total additions	4,196,354	3,406,382	7,602,736
DEDUCTIONS			
Administration	35,714	13,428	49,142
Benefits and refunds			
Retirement benefits	3,866,026	4,215,646	8,081,672
Total deductions	3,901,740	4,229,074	8,130,814
CHANGE IN NET POSITION	294,614	(822,692)	(528,078)
NET POSITION			
January 1	62,236,359	59,625,410	121,861,769
December 31	\$ 62,530,973	\$ 58,802,718	\$ 121,333,691

(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, 2015

	Original Budget	Final Budget	Actual
ADDITIONS			
Contributions			
Employer	\$ 3,038,975	\$ 3,402,300	\$ 3,371,172
Employee	1,180,155	1,180,155	1,034,219
Miscellaneous income	-	-	268
Total contributions	4,219,130	4,582,455	4,405,391
Investment earnings			
Net increase (decrease) in the fair value of investments	250,000	250,000	(1,708,449)
Interest	750,000	750,000	1,724,676
Total investment earnings	1,000,000	1,000,000	16,227
Less investment expense	(350,000)	(342,500)	(225,532)
Net investment earnings	650,000	657,500	(209,305)
Total additions	4,869,130	5,239,955	4,196,354
DEDUCTIONS			
Administration	47,150	54,650	35,714
Benefits and refunds			
Retirement benefits	3,935,000	3,935,000	3,866,026
Refunds of contributions	75,000	75,000	-
Total deductions	4,057,150	4,064,650	3,901,740
CHANGE IN NET POSITION	\$ 811,980	\$ 1,175,305	294,614
NET POSITION			
January 1			62,236,359
December 31			\$ 62,530,973

(See independent auditor's report.)

(This page is intentionally left blank.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual
ADDITIONS			
Contributions			
Employer	\$ 3,238,070	\$ 3,638,070	\$ 3,620,989
Employee	868,100	868,100	857,036
Total contributions	4,106,170	4,506,170	4,478,076
Investment earnings			
Net increase (decrease) in the fair value of investments	250,000	250,000	(2,268,474)
Interest	750,000	750,000	1,369,470
Total investment earnings	1,000,000	1,000,000	(899,004)
Less investment expense	(250,000)	(250,000)	(172,690)
Net investment earnings	750,000	750,000	(1,071,694)
Total additions	4,856,170	5,256,170	3,406,382
DEDUCTIONS			
Administration	38,750	38,750	13,428
Benefits and refunds			
Retirement benefits	4,585,000	4,585,000	4,215,646
Refunds of contributions	100,000	100,000	-
Total deductions	4,723,750	4,723,750	4,229,074
CHANGE IN NET POSITION	\$ 132,420	\$ 532,420	(822,692)
NET POSITION			
January 1			59,625,410
December 31			\$ 58,802,718

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended December 31, 2015

	Balances			Balances	
	January 1	Additions	Deletions	December 31	
TOTAL AGENCY FUNDS					
ASSETS					
Cash and cash equivalents	\$ 1,410,500	\$ 895,469	\$ 712,979	\$ 1,592,990	
Receivables					
Property taxes	588,450	626,307	588,450	626,307	
Prepaid items	3,000	3,000	3,000	3,000	
TOTAL ASSETS	\$ 2,001,950	\$ 1,524,776	\$ 1,304,429	\$ 2,222,297	
LIABILITIES					
Accounts payable	\$ 1,171	\$ 77,478	\$ 61,454	\$ 17,195	
Other liabilities	1,110,390	650,631	725,839	1,035,182	
Due to bondholders	890,389	870,384	590,853	1,169,920	
TOTAL LIABILITIES	\$ 2,001,950	\$ 1,598,493	\$ 1,378,146	\$ 2,222,297	
Special Service Areas Fund					
ASSETS					
Cash and cash equivalents	\$ 910,185	\$ 829,527	\$ 589,603	\$ 1,150,109	
Receivables					
Property taxes	588,450	626,307	588,450	626,307	
Prepaid items	3,000	3,000	3,000	3,000	
TOTAL ASSETS	\$ 1,501,635	\$ 1,458,834	\$ 1,181,053	\$ 1,779,416	
LIABILITIES					
Other liabilities	\$ 611,246	\$ 588,450	\$ 590,200	\$ 609,496	
Due to bondholders	890,389	870,384	590,853	1,169,920	
TOTAL LIABILITIES	\$ 1,501,635	\$ 1,458,834	\$ 1,181,053	\$ 1,779,416	

(This schedule is continued on the following page.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2015

	Balances January 1	Additions	Deletions	Balances December 31
Letter of Credit Escrow Fund				
ASSETS				
Cash and cash equivalents	\$ 426,081	\$ 3,761	\$ 70,717	\$ 359,125
TOTAL ASSETS	\$ 426,081	\$ 3,761	\$ 70,717	\$ 359,125
LIABILITIES				
Accounts payable	\$ 1,171	\$ 77,478	\$ 61,454	\$ 17,195
Other liabilities	424,910	-	82,980	341,930
TOTAL LIABILITIES	\$ 426,081	\$ 77,478	\$ 144,434	\$ 359,125
Section 125 Fund				
ASSETS				
Cash and cash equivalents	\$ 74,234	\$ 62,181	\$ 52,659	\$ 83,756
TOTAL ASSETS	\$ 74,234	\$ 62,181	\$ 52,659	\$ 83,756
LIABILITIES				
Other liabilities	\$ 74,234	\$ 62,181	\$ 52,659	\$ 83,756
TOTAL LIABILITIES	\$ 74,234	\$ 62,181	\$ 52,659	\$ 83,756

(See independent auditor's report.)

(This page is intentionally left blank.)

Supplementary Information

(This page is intentionally left blank.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual
TAXES			
Property tax			
Police protection	\$ 4,871,558	\$ 4,871,558	\$ 4,790,979
Fire protection	4,871,558	4,871,558	4,792,489
FICA	1,885,000	1,885,000	1,854,582
IMRF	1,275,000	1,275,000	1,254,166
Police pension	3,038,975	3,038,975	2,994,024
Fire pension	3,238,070	3,238,070	3,206,225
Home rule sales tax	4,403,900	4,403,900	4,360,722
Food and beverage tax	1,100,000	1,100,000	1,179,314
Motel occupancy tax	165,000	165,000	221,280
Electric utility use tax	1,010,000	1,010,000	851,246
Total taxes	25,859,061	25,859,061	25,505,027
LICENSES AND PERMITS			
Professional and occupational	223,900	223,900	228,074
Liquor licenses	328,600	328,600	343,741
Rental dwelling licenses	335,000	335,000	356,840
Building permits and fees	750,000	750,000	753,286
Vehicle licenses	1,200,000	1,200,000	1,171,505
Other licenses and permits	206,000	206,000	300,346
Total licenses and permits	3,043,500	3,043,500	3,153,792
INTERGOVERNMENTAL			
State sales tax	8,529,300	8,529,300	8,404,053
State income tax	6,741,200	6,741,200	7,294,684
Local use tax	1,304,200	1,304,200	1,488,793
Township road and bridge tax	728,100	728,100	703,569
Fire protection district reimbursement	597,000	597,000	596,560
Police consultant - schools	593,390	593,390	593,390
TIF Rebate	-	-	28,587
State highway maintenance	146,000	146,000	150,593
Personal property replacement tax	124,100	124,100	115,666
Grants	30,000	50,000	32,775
Other intergovernmental	52,000	52,000	75,821
Total intergovernmental	18,845,290	18,865,290	19,484,491

(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, 2015

	Original Budget	Final Budget	Actual
CHARGES FOR SERVICES			
Cable TV franchise fees	\$ 885,000	\$ 885,000	\$ 1,123,760
Plan review fees	235,000	235,000	229,343
Inspection fees	300,000	300,000	324,288
Special police service	126,000	126,000	123,520
Special fire service	20,600	20,600	25,018
Ambulance fees	1,377,000	1,377,000	1,358,698
Vehicle impound fees	206,700	206,700	198,500
Streetfest revenue	175,000	175,000	179,525
Rental income	117,500	117,500	212,140
Other charges for services	52,500	52,500	80,279
Total charges for services	3,495,300	3,495,300	3,855,071
FINES AND FORFEITS			
Circuit court fines	350,900	350,900	279,691
Parking fines	150,000	150,000	151,625
Compliance fines	230,000	230,000	277,219
Red light violation fines	719,700	719,700	593,735
Adjudication and other fines	31,800	31,800	64,783
Total fines and forfeits	1,482,400	1,482,400	1,367,053
INVESTMENT INCOME	244,150	244,150	266,890
MISCELLANEOUS			
Recoveries and refunds	80,000	80,000	34,318
Reimbursements	25,000	25,000	24,081
Donations	-	2,487	3,587
Other	5,600	5,600	18,857
Total miscellaneous	110,600	113,087	80,843
TOTAL REVENUES	<u>\$ 53,080,301</u>	<u>\$ 53,102,788</u>	<u>\$ 53,713,167</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT			
Mayor and council			
Personnel	\$ 207,470	\$ 207,470	\$ 174,692
Supplies and services	44,175	49,120	42,663
Boards and commissions			
Personnel	2,505	2,505	1,811
Supplies and services	60,515	60,908	52,806
Village clerk			
Personnel	192,470	192,735	190,830
Supplies and services	19,505	19,505	7,227
Village manager			
Personnel	818,745	861,047	837,552
Supplies and services	363,930	438,430	359,248
Finance and operations			
Personnel	648,755	677,792	661,564
Supplies and services	322,425	322,425	253,727
Legal			
Personnel	78,955	79,230	79,396
Supplies and services	451,065	451,565	354,565
Human resources			
Personnel	627,355	315,951	313,651
Supplies and services	51,015	74,122	51,445
Planning and zoning			
Personnel	534,150	535,275	507,355
Supplies and services	9,550	29,550	5,719
Information technology			
Personnel	913,945	937,635	933,339
Supplies and services	379,960	346,571	264,391
Liability insurance			
Supplies and services	1,537,300	1,537,300	1,537,300
Less administrative fees			
CDBG Fund	(70,000)	(74,293)	(74,293)
Waterworks fund	(150,000)	(150,000)	(150,000)
Sewerage fund	(380,000)	(380,000)	(380,000)
Refuse fund	(60,000)	(60,000)	(60,000)
Motor Vehicle Parking System fund	(111,000)	(111,000)	(111,000)
Total general government	6,492,790	6,363,843	5,853,988

(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, 2015

	Original Budget	Final Budget	Actual
PUBLIC SAFETY			
Community services			
Personnel	\$ 1,782,025	\$ 1,765,750	\$ 1,721,995
Supplies and services	186,390	197,161	185,403
Police			
Personnel	18,933,415	19,741,186	19,112,074
Supplies and services	1,547,580	1,542,080	1,507,620
Fire			
Personnel	15,992,770	16,824,650	16,665,704
Supplies and services	818,010	868,892	854,043
Total public safety	39,260,190	40,939,719	40,046,839
PUBLIC WORKS			
Engineering			
Personnel	394,760	373,357	366,078
Supplies and services	20,930	20,930	19,516
Public works			
Personnel	3,839,810	3,910,185	3,756,328
Supplies and services	2,463,475	2,491,254	2,277,240
Total public works	6,718,975	6,795,726	6,419,162
TOTAL EXPENDITURES	<u>\$ 52,471,955</u>	<u>\$ 54,099,288</u>	<u>\$ 52,319,989</u>

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

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

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property tax	\$ 2,533,785	\$ 2,533,785	\$ 2,543,463
Intergovernmental			
Build america bond interest rebate	540,010	540,010	501,942
Investment income	2,500	2,500	442
Total revenues	3,076,295	3,076,295	3,045,847
EXPENDITURES			
Debt service			
Principal retirement	1,199,865	1,199,865	1,199,865
Interest	1,873,930	1,873,930	1,873,918
Fiscal charges	3,500	3,500	3,236
Total expenditures	3,077,295	3,077,295	3,077,019
NET CHANGE IN FUND BALANCE	\$ (1,000)	\$ (1,000)	(31,172)
FUND BALANCE, JANUARY 1			195,382
FUND BALANCE, DECEMBER 31			\$ 164,210

(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, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Investment income	\$ -	\$ -	\$ 7,053
Total revenues	-	-	7,053
EXPENDITURES			
Capital outlay			
Buildings and facilities	950,000	10,006,119	10,006,119
Total expenditures	950,000	10,006,119	10,006,119
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(950,000)	(10,006,119)	(9,999,066)
OTHER FINANCING SOURCES (USES)			
Transfers in	500,000	2,266,125	2,266,125
Total other financing sources (uses)	500,000	2,266,125	2,266,125
NET CHANGE IN FUND BALANCE	\$ (450,000)	\$ (7,739,994)	(7,732,941)
FUND BALANCE, JANUARY 1			14,042,828
FUND BALANCE, DECEMBER 31			\$ 6,309,887

(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, 2015

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services	\$ 11,401,000	\$ 11,415,344	\$ 10,522,997
Miscellaneous	35,000	35,000	49,381
Total operating revenues	11,436,000	11,450,344	10,572,378
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Costs of sales and services	11,556,780	10,196,095	9,674,589
Administrative fees - General Fund	150,000	150,000	150,000
Total operating expenses excluding depreciation	11,706,780	10,346,095	9,824,589
OPERATING INCOME BEFORE DEPRECIATION	(270,780)	1,104,249	747,789
DEPRECIATION	-	-	755,790
OPERATING INCOME	(270,780)	1,104,249	(8,001)
NONOPERATING REVENUES (EXPENSES)			
Investment income	1,000	1,000	6,934
Interest and fiscal charges	(30,085)	(136,313)	(250,821)
Loss on disposal of fixed assets	-	-	(44,340)
Income (Expense) from joint venture	-	-	(112,790)
Total nonoperating revenues (expenses)	(29,085)	(135,313)	(401,017)
NET INCOME BEFORE TRANSFERS	(299,865)	968,936	(409,018)
Transfers (out)	(130,000)	(130,000)	(130,000)
CHANGE IN NET POSITION	\$ (429,865)	\$ 838,936	(539,018)
NET POSITION, JANUARY 1 - AS RESTATED			26,430,072
NET POSITION, DECEMBER 31			\$ 25,891,054

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING REVENUES - BUDGET AND ACTUAL
WATERWORKS FUND

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Water use fees			
Resident	\$ 8,669,000	\$ 8,669,000	\$ 7,803,623
Nonresident	2,037,000	2,051,344	2,007,702
Water penalties			
Resident	60,000	60,000	58,440
Nonresident	10,000	10,000	14,167
User charge			
Resident	478,000	478,000	487,355
Nonresident	57,000	57,000	28,527
System development surcharge	20,000	20,000	21,622
Water extension fee	20,000	20,000	34,898
Water connection fees	15,000	15,000	16,361
Water meter sales	15,000	15,000	30,478
Water turn-on/service fees	20,000	20,000	19,824
Total charges for services	11,401,000	11,415,344	10,522,997
Miscellaneous - reimbursements	35,000	35,000	49,381
TOTAL OPERATING REVENUES	\$ 11,436,000	\$ 11,450,344	\$ 10,572,378

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
WATERWORKS FUND

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual
OPERATING EXPENSES			
Costs of sales and services			
Finance and operations			
Personnel	\$ 504,815	\$ 451,310	\$ 393,716
Supplies and services	189,600	192,100	164,946
Liability insurance			
Supplies and services	42,000	42,000	42,000
Engineering			
Personnel	110,050	115,510	108,668
Public works			
Personnel	986,575	981,080	979,325
Supplies and services	829,185	864,174	709,856
Water purchase			
Northwest Water Commission	3,017,460	3,017,460	2,849,443
Capital projects			
Technology	2,000,000	2,648,715	2,641,828
Buildings and facilities	380,000	460,026	460,025
Less: Nonoperating			
Fixed assets capitalized	-	(410,670)	(410,670)
Water system	3,497,095	3,539,375	3,440,437
Less: Nonoperating			
Fixed assets capitalized	-	(1,704,985)	(1,704,985)
Total costs of sales and services	11,556,780	10,196,095	9,674,589
Administrative fees - General Fund	150,000	150,000	150,000
TOTAL OPERATING EXPENSES	\$ 11,706,780	\$ 10,346,095	\$ 9,824,589

(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, 2015

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services	\$ 3,435,045	\$ 3,435,045	\$ 3,497,667
Miscellaneous	250	250	42,034
Total operating revenues	3,435,295	3,435,295	3,539,701
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Costs of sales and services	1,892,335	1,934,330	1,680,408
Administrative fees - General Fund	380,000	380,000	380,000
Total operating expenses excluding depreciation	2,272,335	2,314,330	2,060,408
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	1,162,960	1,120,965	1,479,293
DEPRECIATION	-	-	1,263,550
OPERATING INCOME (LOSS)	1,162,960	1,120,965	215,743
NONOPERATING REVENUES (EXPENSES)			
Investment income	1,000	1,000	5,734
Interest and fiscal charges	(343,295)	(306,896)	(317,735)
Total nonoperating revenues (expenses)	(342,295)	(305,896)	(312,001)
NET INCOME (LOSS) BEFORE TRANSFERS	820,665	815,069	(96,258)
Transfers (out)	(130,000)	(130,000)	(130,000)
CHANGE IN NET POSITION	\$ 690,665	\$ 685,069	(226,258)
NET POSITION, JANUARY 1 - AS RESTATED			19,708,847
NET POSITION, DECEMBER 31			\$ 19,482,589

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING REVENUES - BUDGET AND ACTUAL
SEWERAGE FUND

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Sewer use fees			
Resident	\$ 1,794,730	\$ 1,794,730	\$ 1,852,876
Nonresident	328,515	328,515	326,597
Sewer penalties			
Resident	25,000	25,000	25,552
Nonresident	2,000	2,000	2,346
Sewer connection fees	6,000	6,000	8,689
Surcharges			
Sewer separation	131,000	131,000	142,724
Fair Meadows	1,800	1,800	1,849
Flood control	1,146,000	1,146,000	1,136,290
Detention Fees	-	-	744
Total charges for services	3,435,045	3,435,045	3,497,667
Miscellaneous - reimbursements	250	250	42,034
TOTAL OPERATING REVENUES	\$ 3,435,295	\$ 3,435,295	\$ 3,539,701

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
SEWERAGE FUND

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual
OPERATING EXPENSES			
Costs of sales and services			
Liability insurance			
Supplies and services	\$ 42,000	\$ 42,000	\$ 42,000
Engineering			
Personnel	130,100	136,340	127,833
Public works			
Personnel	542,610	539,975	515,460
Supplies and services	189,625	201,064	162,404
Capital projects			
Flood control	650,000	737,944	574,881
Less: Nonoperating			
Fixed assets capitalized	-	(284,990)	(284,990)
Technology	18,000	345,817	338,787
Sanitary sewer	320,000	591,455	579,308
Less: Nonoperating			
Fixed assets capitalized	-	(375,275)	(375,275)
Total costs of sales and services	1,892,335	1,934,330	1,680,408
Administrative fees - General Fund	380,000	380,000	380,000
TOTAL OPERATING EXPENSES	\$ 2,272,335	\$ 2,314,330	\$ 2,060,408

(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, 2015

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Parking fees	\$ 687,500	\$ 687,500	\$ 701,265
Total operating revenues	687,500	687,500	701,265
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Costs of sales and services	582,640	405,328	382,299
Administrative fees - General Fund	60,000	60,000	60,000
Total operating expenses excluding depreciation	642,640	465,328	442,299
OPERATING INCOME BEFORE DEPRECIATION	44,860	222,172	258,966
DEPRECIATION	-	-	784,080
OPERATING INCOME (LOSS)	44,860	222,172	(525,114)
NONOPERATING REVENUES (EXPENSES)			
Investment income	1,000	1,000	688
CHANGE IN NET POSITION	\$ 45,860	\$ 223,172	(524,426)
NET POSITION, JANUARY 1			11,584,194
NET POSITION, DECEMBER 31			\$ 11,059,768

(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, 2015

	Original Budget	Final Budget	Actual
OPERATING EXPENSES			
Costs of sales and services			
Finance and operations			
Supplies and services	\$ 59,500	\$ 63,600	\$ 59,508
Public works			
Personnel	3,615	4,735	3,798
Supplies and services	354,525	318,864	283,181
Capital projects			
Buildings and facilities	165,000	18,129	35,812
Total costs of sales and services	582,640	405,328	382,299
Administrative fees - General Fund	60,000	60,000	60,000
TOTAL OPERATING EXPENSES	\$ 642,640	\$ 465,328	\$ 442,299

(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, 2015

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Refuse billing	\$ 4,608,570	\$ 4,608,570	\$ 4,537,427
Total operating revenues	4,608,570	4,608,570	4,537,427
OPERATING EXPENSES			
Refuse collection	4,546,910	4,546,910	4,442,546
Administrative fees - General Fund	111,000	111,000	111,000
Total operating expenses	4,657,910	4,657,910	4,553,546
OPERATING INCOME (LOSS)	(49,340)	(49,340)	(16,119)
NONOPERATING REVENUES (EXPENSES)			
Investment income	2,000	2,000	3,046
NET INCOME (LOSS) BEFORE TRANSFERS	(47,340)	(47,340)	(13,073)
Transfers (out)	(100,000)	(100,000)	(100,000)
CHANGE IN NET POSITION	<u>\$ (147,340)</u>	<u>\$ (147,340)</u>	(113,073)
NET POSITION, JANUARY 1			<u>1,044,983</u>
NET POSITION, DECEMBER 31			<u>\$ 931,910</u>

(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.	135 - 144
Revenue Capacity	
These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	145 - 149
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.	150 - 153
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.	154 - 155
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.	156 - 157

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

(This page is intentionally left blank.)

VILLAGE OF PALATINE, ILLINOIS

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Fiscal Year	2006	2007	2008	2009
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 105,405,740	\$ 92,401,441	\$ 101,570,852	\$ 133,517,262
Restricted	21,578,252	24,347,626	21,004,875	42,399,832
Unrestricted	14,979,825	35,686,515	24,652,055	(17,696,179)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 141,963,817	\$ 152,435,582	\$ 147,227,782	\$ 158,220,915
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 37,479,931	\$ 32,624,663	\$ 38,558,066	\$ 38,891,700
Restricted	-	-	-	-
Unrestricted	5,306,733	14,999,979	12,593,058	11,648,072
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 42,786,664	\$ 47,624,642	\$ 51,151,124	\$ 50,539,772
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 125,026,104	\$ 140,128,918	\$ 172,408,962	\$ 169,531,385
Restricted	24,347,626	21,004,875	42,399,832	40,641,243
Unrestricted	50,686,494	37,245,113	(6,048,107)	5,381,952
TOTAL PRIMARY GOVERNMENT	\$ 200,060,224	\$ 198,378,906	\$ 208,760,687	\$ 215,554,580

* Implementation of GASB Statement 68.

Data Source

Audited Financial Statements

2010	2011	2012	2013	2014	2015*
\$ 133,599,587	\$ 129,862,356	\$ 134,215,974	\$ 140,609,666	\$ 144,374,387	\$ 157,741,380
40,641,243	10,854,118	3,233,577	3,600,787	2,236,148	1,838,578
(10,074,468)	26,919,088	34,104,500	30,819,755	35,764,493	(51,107,972)
\$ 164,166,362	\$ 167,635,562	\$ 171,554,051	\$ 175,030,208	\$ 182,375,028	\$ 108,471,986
\$ 35,931,798	\$ 35,235,617	\$ 43,155,964	\$ 38,430,520	\$ 38,870,993	\$ 32,408,120
-	-	-	-	-	-
15,456,420	17,683,868	12,113,363	20,628,900	20,657,402	24,957,201
\$ 51,388,218	\$ 52,919,485	\$ 55,269,327	\$ 59,059,420	\$ 59,528,395	\$ 57,365,321
\$ 165,097,973	\$ 177,371,938	\$ 179,040,186	\$ 183,245,380	\$ 183,245,380	\$ 190,149,500
10,854,118	3,233,577	3,600,787	2,236,148	2,236,148	1,838,578
44,602,956	46,217,863	51,448,655	56,421,895	56,421,895	(26,150,771)
\$ 220,555,047	\$ 226,823,378	\$ 234,089,628	\$ 241,903,423	\$ 241,903,423	\$ 165,837,307

VILLAGE OF PALATINE, ILLINOIS

CHANGES IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	2006	2007	2008
EXPENSES			
Governmental activities			
General government	\$ 7,346,275	\$ 9,008,572	\$ 9,191,571
Public safety	28,713,081	29,416,464	31,825,692
Public works	8,643,238	9,080,835	13,227,490
Economic development	9,779,022	5,943,316	17,188,453
Interest and fiscal charges	4,295,123	4,340,856	3,710,426
Total governmental activities expenses	58,776,739	57,790,043	75,143,632
Business-type activities			
Waterworks	5,692,588	5,876,757	6,354,122
Sewerage	1,788,004	2,468,787	3,904,841
Parking system	1,395,069	1,535,188	1,566,202
Refuse collection	4,006,515	4,178,546	4,279,643
Total business-type activities expenses	12,882,176	14,059,278	16,104,808
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 71,658,915	\$ 71,849,321	\$ 91,248,440
PROGRAM REVENUES			
Governmental activities			
Charges for services			
General government	\$ 4,379,572	\$ 4,135,624	\$ 4,024,203
Public safety	2,518,276	2,810,527	2,864,677
Other activities	263,374	252,771	231,618
Operating grants	2,807,276	2,846,185	2,673,508
Capital grants and contributions	479,231	880,338	6,342,160
Total governmental activities program revenues	10,447,729	10,925,445	16,136,166
Business-type activities			
Charges for services			
Waterworks	5,934,839	6,471,798	6,161,045
Sewerage	2,257,277	2,681,760	2,823,386
Parking system	621,311	629,866	663,178
Refuse collection	4,083,059	4,403,667	4,662,852
Operating grants	-	-	-
Capital grants and contributions	-	-	-
Total business-type activities program revenues	12,896,486	14,187,091	14,310,461
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 23,344,215	\$ 25,112,536	\$ 30,446,627
NET REVENUE (EXPENSE)			
Governmental activities	\$ (46,864,598)	\$ (59,007,466)	\$ (45,189,931)
Business-type activities	127,813	(1,794,347)	(643,083)
TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)	\$ (46,736,785)	\$ (60,801,813)	\$ (45,833,014)

Data Source

Audited Financial Statements

2009	2010	2011	2012	2013	2014	2015
\$ 8,314,739	\$ 7,911,734	\$ 8,092,022	\$ 5,687,081	\$ 3,618,746	\$ 6,085,713	\$ 5,181,480
33,898,460	35,204,860	37,174,518	39,154,692	39,226,832	40,893,455	39,766,935
10,720,807	10,000,129	11,346,788	10,978,933	14,290,195	12,001,792	10,574,340
1,539,146	6,828,477	7,618,221	7,785,928	5,914,067	3,400,486	5,187,476
3,411,066	4,190,376	4,965,687	4,782,927	4,334,822	4,214,079	3,685,197
57,884,218	64,135,576	69,197,236	68,389,561	67,384,662	66,595,525	64,395,428
6,188,396	6,121,039	7,199,466	6,851,401	7,511,430	8,235,391	10,988,330
3,391,245	3,103,688	3,063,914	3,688,412	3,335,908	3,041,236	3,641,693
1,431,482	1,405,859	1,344,734	1,355,716	1,269,605	1,323,599	1,226,379
4,227,437	4,218,165	4,388,685	4,430,979	4,426,461	4,553,742	4,553,546
15,238,560	14,848,751	15,996,799	16,326,508	16,543,404	17,153,968	20,409,948
\$ 73,122,778	\$ 78,984,327	\$ 85,194,035	\$ 84,716,069	\$ 83,928,066	\$ 83,749,493	\$ 84,805,376
\$ 4,192,225	\$ 4,129,923	\$ 3,988,510	\$ 3,178,125	\$ 2,792,931	\$ 4,002,813	\$ 4,338,815
3,750,916	3,345,737	4,167,979	4,107,608	4,128,702	4,183,645	4,290,067
259,356	242,032	1,001,900	2,150,261	2,107,948	2,099,120	2,079,704
2,899,524	3,564,551	3,166,903	3,133,237	3,645,430	3,555,697	2,766,089
1,592,266	3,465,779	1,726,883	605,818	315,830	31,077	-
12,694,287	14,748,022	14,052,175	13,175,049	12,990,841	13,872,352	13,474,675
6,417,950	7,208,992	9,084,694	9,818,910	9,767,730	10,277,604	10,572,378
3,128,333	3,189,687	3,250,125	3,411,343	3,422,980	3,718,386	3,539,701
630,319	654,485	679,455	678,488	683,780	711,723	701,265
4,414,604	4,426,123	4,649,761	4,518,425	4,511,043	4,530,632	4,537,427
-	-	12,320	-	-	-	-
4,271	208,347	90,997	448,825	2,177,900	-	-
14,595,477	15,687,634	17,767,352	18,875,991	20,563,433	19,238,345	19,350,771
\$ 27,289,764	\$ 30,435,656	\$ 31,819,527	\$ 32,051,040	\$ 33,554,274	\$ 33,110,697	\$ 32,825,446
\$ (49,387,554)	\$ (55,145,061)	\$ (55,214,512)	\$ (54,393,821)	\$ (52,723,173)	\$ (52,723,173)	\$ (50,920,753)
838,883	1,770,553	2,549,483	4,020,029	2,084,377	2,084,377	(1,059,177)
\$ (48,548,671)	\$ (53,374,508)	\$ (52,665,029)	\$ (50,373,792)	\$ (50,638,796)	\$ (50,638,796)	\$ (51,979,930)

VILLAGE OF PALATINE, ILLINOIS

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2006	2007	2008
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
Governmental activities			
Taxes			
Property	\$ 28,324,991	\$ 29,490,106	\$ 33,005,614
Home rule sales tax	4,622,302	4,788,068	4,673,737
Telecommunications	2,378,621	2,987,002	2,870,797
Electric utility use	-	-	-
Other	1,438,442	1,449,746	1,467,906
State shared sales taxes	8,965,215	9,160,426	8,837,777
State shared income tax	5,403,355	5,863,302	6,270,922
Other intergovernmental revenues	156,471	180,129	163,719
Investment income	1,928,010	2,211,847	1,081,574
Miscellaneous	248,570	214,546	326,910
Gain on sale of capital assets	-	231,191	171,738
Transfers	754,755	760,000	-
Total governmental activities	54,220,732	57,336,363	58,870,694
Business-type activities			
Investment income	238,653	291,401	150,061
Income (loss) from joint venture	(89,098)	221,989	294,123
Gain on sale of capital assets	22,000	-	-
Transfers	(754,755)	(760,000)	-
Total business-type activities	(583,200)	(246,610)	444,184
TOTAL PRIMARY GOVERNMENT	\$ 53,637,532	\$ 57,089,753	\$ 59,314,878
CHANGE IN NET POSITION			
Governmental activities	\$ 9,007,353	\$ 12,006,096	\$ (2,824,402)
Business-type activities	(232,300)	571,997	(1,762,616)
TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)	\$ 8,775,053	\$ 12,578,093	\$ (4,587,018)

Data Source

Audited Financial Statements

	2009	2010	2011	2012	2013	2014	2015
\$	33,667,265	\$ 32,191,912	\$ 33,563,321	\$ 32,904,361	\$ 31,515,066	\$ 31,303,000	\$ 31,387,642
	3,992,663	4,100,988	4,232,849	4,199,803	4,305,118	4,471,298	4,360,722
	2,834,118	2,796,032	2,462,499	2,550,703	2,239,240	1,906,545	1,891,654
	-	-	1,428,854	1,751,844	1,722,005	1,690,985	1,641,246
	1,286,211	1,280,923	1,248,610	1,267,148	1,242,698	1,309,644	1,400,596
	7,905,175	8,472,661	8,628,389	8,931,459	9,343,337	10,061,160	9,892,846
	5,476,622	5,307,674	5,341,577	6,023,925	6,532,135	6,563,909	7,294,684
	166,343	543,868	884,021	679,004	226,477	515,114	293,748
	400,701	305,545	285,881	321,140	300,305	309,200	305,362
	403,633	333,398	285,260	164,057	193,597	297,638	156,573
	50,333	-	-	-	-	-	-
	-	-	253,000	339,557	250,000	1,639,500	360,000
	56,183,064	55,333,001	58,614,261	59,133,001	57,869,978	60,067,993	58,985,073
	31,731	9,563	13,714	25,416	20,064	24,098	16,402
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	(253,000)	(339,557)	(250,000)	(1,639,500)	(360,000)
	31,731	9,563	(239,286)	(314,141)	(229,936)	(1,615,402)	(343,598)
\$	56,214,795	\$ 55,342,564	\$ 58,374,975	\$ 58,818,860	\$ 57,640,042	\$ 58,452,591	\$ 58,641,475
\$	10,143,070	\$ 9,226,707	\$ 3,987,940	\$ 2,655,466	\$ 5,674,172	\$ 7,344,820	\$ 8,064,320
	(633,520)	599,597	1,456,412	2,319,547	2,404,627	468,975	(1,402,775)
\$	9,509,550	\$ 9,826,304	\$ 5,444,352	\$ 4,975,013	\$ 8,078,799	\$ 7,813,795	\$ 6,661,545

VILLAGE OF PALATINE, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2006	2007	2008	2009
GENERAL FUND				
Reserved	\$ 5,042,920	\$ 5,287,920	\$ 5,536,201	\$ 5,898,008
Unreserved	12,604,862	13,056,080	11,641,186	10,608,000
Nonspendable	-	-	-	-
Unassigned	-	-	-	-
TOTAL GENERAL FUND	\$ 17,647,782	\$ 18,344,000	\$ 17,177,387	\$ 16,506,008
ALL OTHER GOVERNMENTAL FUNDS				
Reserved	\$ 28,720,235	\$ 28,100,314	\$ 28,994,327	\$ 42,712,889
Unreserved, reported in				
Special Revenue Funds	(5,267,911)	852,177	(1,874,480)	-
Capital Project Funds	-	-	-	(106,775)
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 23,452,324	\$ 28,952,491	\$ 27,119,847	\$ 42,606,114

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

Data Source

Audited Financial Statements

2010	2011*	2012	2013	2014	2015
\$ 6,025,530	\$ -	\$ -	\$ -	\$ -	\$ -
9,745,168	-	-	-	-	-
-	6,267,920	5,772,920	5,277,920	4,782,920	5,022,070
-	12,657,972	15,064,951	16,880,750	18,124,529	17,012,432
\$ 15,770,698	\$ 18,925,892	\$ 20,837,871	\$ 22,158,670	\$ 22,907,449	\$ 22,034,502
\$ 57,463,551	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	36,631,487	32,349,656	23,876,160	17,945,345	14,882,305
-	10,844,611	11,900,695	16,305,655	21,284,780	13,536,719
-	-	(871,431)	(2,484,768)	(43,615)	(43,615)
\$ 57,463,551	\$ 47,476,098	\$ 43,378,920	\$ 37,697,047	\$ 39,186,510	\$ 28,375,409

VILLAGE OF PALATINE, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2006	2007	2008	2009
REVENUES				
Taxes	\$ 46,392,377	\$ 48,653,181	\$ 51,676,949	\$ 50,488,804
Licenses and permits	3,242,695	3,061,764	3,088,823	3,081,984
Intergovernmental	9,075,448	9,924,521	9,520,180	9,374,441
Charges for services	1,842,979	2,130,142	1,814,636	1,845,422
Fines and forfeitures	885,018	893,496	1,061,999	1,948,079
Investment income	1,928,007	2,211,847	1,081,573	404,698
Contributions	-	-	6,165,959	1,000,000
Miscellaneous	547,182	395,666	425,003	683,590
Total revenues	63,913,706	67,270,617	74,835,122	68,827,018
EXPENDITURES				
General government	7,814,881	8,838,522	10,747,502	8,507,772
Public safety	27,386,129	28,822,573	31,524,578	31,678,221
Public works	6,729,375	7,563,075	8,652,609	8,370,752
Economic development	9,264,353	2,952,388	17,188,453	1,504,577
Capital outlay	2,874,863	6,125,005	5,495,697	15,945,994
Debt service				
Principal retirement	5,814,851	8,537,919	14,250,146	12,649,263
Interest	3,957,332	4,330,229	3,657,597	3,964,551
Fiscal charges	-	153,978	-	294,487
Total expenditures	63,841,784	67,323,689	91,516,582	82,915,617
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	71,922	(53,072)	(16,681,460)	(14,088,599)
OTHER FINANCING SOURCES (USES)				
Bonds issued, at par	4,027,100	18,800,000	-	33,340,315
Refunding bonds issued, at par	-	-	-	-
Bond premium	-	12,490	-	152,558
Bond discount	-	(43,459)	-	-
Payment to refunded bond escrow agent	-	-	-	(4,678,260)
Proceeds from sale of capital assets	75,366	231,191	171,738	88,594
Transfers in	4,903,860	3,376,733	-	-
Transfers (out)	(4,149,105)	(2,616,733)	-	(84,456)
Total other financing sources (uses)	4,857,221	19,760,222	171,738	28,818,751
NET CHANGE IN FUND BALANCES	\$ 4,929,143	\$ 19,707,150	\$ (16,509,722)	\$ 14,730,152
Debt service as a percentage of noncapital expenditures	15.51%	20.02%	19.86%	23.63%

Data Source

Audited Financial Statements

	2010	2011	2012	2013	2014	2015
\$	50,087,153	\$ 42,936,134	\$ 42,673,859	\$ 41,024,128	\$ 40,681,472	\$ 40,681,860
	3,112,015	2,695,124	2,612,185	2,822,149	3,081,336	3,153,792
	12,810,025	21,894,742	21,449,463	22,102,467	22,735,622	22,291,479
	1,839,736	3,364,812	3,351,983	3,683,470	3,801,523	4,116,301
	1,256,149	944,747	1,395,806	1,376,629	1,394,054	1,394,381
	305,545	285,881	321,140	300,305	309,200	305,362
	-	-	-	-	-	-
	670,400	291,996	164,057	193,596	297,638	156,573
	70,081,023	72,413,436	71,968,493	71,502,744	72,300,845	72,099,748
	7,713,816	6,296,980	5,448,017	5,532,910	5,690,050	5,853,988
	33,638,662	36,499,775	36,627,642	37,149,960	38,212,533	40,197,022
	8,250,868	5,870,884	5,857,645	6,228,622	6,769,212	6,419,162
	6,828,477	5,776,274	7,999,863	5,914,067	3,400,486	5,187,476
	9,139,690	24,177,056	7,816,121	10,091,641	8,176,672	15,883,621
	5,493,745	5,708,490	6,403,904	6,346,812	6,089,339	6,988,013
	4,341,907	5,082,194	4,768,086	4,385,759	4,172,391	3,729,681
	-	160,195	91,906	8,303	122,338	11,611
	75,407,165	89,571,848	75,013,184	75,658,074	72,633,021	84,270,574
	(5,326,142)	(17,158,412)	(3,044,691)	(4,155,330)	(332,176)	(12,170,826)
	32,158,385	7,000,000	-	-	-	-
	-	850,000	5,025,000	-	10,985,000	-
	879,220	216,155	-	-	212,225	-
	-	-	-	-	-	-
	(13,950,839)	(865,438)	(4,939,073)	-	(11,076,385)	-
	61,483	3,172,436	325,429	115,692	211,418	51,778
	65,000	253,000	3,609,447	5,249,753	12,364,540	3,451,125
	(65,000)	-	(3,269,890)	(4,999,753)	(10,736,130)	(3,016,125)
	19,148,249	10,626,153	750,913	365,692	1,960,668	486,778
\$	13,822,107	\$ (6,532,259)	\$ (2,293,778)	\$ (3,789,638)	\$ 1,628,492	\$ (11,684,048)
	14.43%	14.89%	15.56%	15.06%	14.75%	14.88%

(This page is intentionally left blank.)

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
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
2014	1,286,288,306	261,895,895	58,787,142	NA	1,606,971,343	1.368	4,820,914,029

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	2005	2006	2007	2008
TAX RATES				
Village of Palatine				
Social Security	0.106	0.110	0.093	0.091
IMRF	0.057	0.057	0.054	0.052
Corporate (Police Protection)	0.221	0.226	0.221	0.217
Fire Protection	0.370	0.370	0.316	0.301
Fire Pension	0.056	0.064	0.061	0.056
Police Pension	0.061	0.084	0.086	0.081
Debt Service	0.181	0.164	0.119	0.116
Total Village of Palatine	1.052	1.075	0.950	0.914
School Districts				
Palatine CCSD No. 15	2.840	2.673	2.435	2.385
Junior College No. 512	0.281	0.288	0.260	0.256
Township HSD No. 211	2.191	2.261	1.972	1.928
Park District	0.422	0.448	0.406	0.419
Library District	0.271	0.280	0.246	0.240
County				
County of Cook	0.533	0.379	0.446	0.415
Forest Preserve	0.060	0.057	0.053	0.051
Township				
Palatine Township	0.037	0.039	0.035	0.035
General Assistance	0.008	0.009	0.008	0.008
Road and Bridge	0.069	0.072	0.064	0.063
Other Districts				
Suburban T.B. Sanitarium	0.005	0.005	-	-
Northwest Mosquito	0.009	0.009	0.008	0.008
Sanitary District	0.315	0.284	0.263	0.252
Elections (ELCO)	0.014	-	0.012	-
TOTAL TAX RATES	8.107	7.879	7.158	6.974
SHARE OF TOTAL TAX LEVIED BY THE VILLAGE	12.98%	13.64%	13.27%	13.11%

Data Source

Office of the County Clerk

2009	2010	2011	2012	2013	2014
0.087	0.097	0.109	0.122	0.148	0.119
0.054	0.060	0.060	0.065	0.081	0.080
0.216	0.241	0.233	0.267	0.305	0.306
0.215	0.239	0.233	0.267	0.305	0.306
0.085	0.110	0.148	0.163	0.196	0.204
0.112	0.149	0.154	0.163	0.187	0.191
0.113	0.126	0.184	0.153	0.168	0.162
0.882	1.022	1.121	1.200	1.390	1.368
2.307	2.603	2.943	3.269	3.849	3.868
0.258	0.295	0.334	0.373	0.444	0.451
1.916	2.204	2.482	2.772	3.197	3.213
0.408	0.468	0.517	0.574	0.680	0.696
0.229	0.198	0.222	0.248	0.293	0.295
0.394	0.423	0.462	0.594	0.560	0.568
0.049	0.051	0.058	0.062	0.069	0.069
0.034	0.039	0.044	0.049	0.058	0.059
0.008	0.010	0.012	0.014	0.017	0.017
0.061	0.070	0.079	0.082	0.092	0.090
-	-	-	-	-	-
0.008	0.009	0.010	0.011	0.013	0.013
0.261	0.274	0.320	0.370	0.417	0.430
0.021	-	0.025	-	0.031	-
6.836	7.666	8.629	9.618	11.110	11.137
12.90%	13.33%	12.99%	12.48%	12.51%	12.28%

VILLAGE OF PALATINE, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Levy Year and Nine Levy Years Ago

Taxpayer	Tax Year 2014			Tax Year 2005		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Weber Stephen Products	\$ 16,265,656	1	1.01%	NA	NA	NA
Wal Mart	14,600,203	2	0.91%	NA	NA	NA
Bourbon Square Apartments	10,633,466	3	0.66%	NA	NA	NA
Brookind Corporate Tax Dept	9,149,753	4	0.57%	\$ 16,655,220	5	0.90%
Thomson Pts	8,140,378	5	0.51%	NA	NA	NA
Village Park Palatine 300	8,069,051	6	0.50%	13,521,515	7	0.70%
McCaffery Interests	7,984,965	7	0.50%	NA	NA	NA
Arlington Toyota	7,879,706	8	0.49%	NA	NA	NA
Highland Mgmt Pp	6,677,884	9	0.42%	NA		NA
Target	6,061,966	10	0.38%	NA	NA	NA
Mid America Park Place	NA	NA	NA	32,743,370	1	1.70%
PFC Marquette Company	NA	NA	NA	24,914,641	2	1.30%
AL LH DB LP Apartments	NA	NA	NA	22,843,014	3	1.20%
Individual Taxpayer	NA	NA	NA	18,525,219	4	1.00%
Concord Mills Estates	NA	NA	NA	15,098,447	6	0.80%
Regency Plaza Partners	NA	NA	NA	11,258,307	8	0.60%
Square D Company	NA	NA	NA	9,671,187	9	0.50%
Hamilton Partners	NA	NA	NA	8,742,397	10	0.50%
	<u>\$ 95,463,028</u>		<u>5.95%</u>	<u>\$ 173,973,317</u>		<u>9.20%</u>

Note:

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

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Levy Year	Tax Levied	Collected Within the Fiscal Year of the Levy		Collections (Refunds) in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 19,077,680	\$ 18,988,556	99.53%	\$ (403,796)	\$ 18,584,760	97.42%
2006	19,798,958	17,473,576	88.26%	1,895,584	19,369,160	97.83%
2007	20,692,508	19,846,267	95.91%	184,371	20,030,638	96.80%
2008	21,282,715	18,913,144	88.87%	2,137,626	21,050,770	98.91%
2009	21,435,201	18,588,397	86.72%	2,703,795	21,292,192	99.33%
2010	22,288,006	21,350,808	95.80%	1,010,859	22,361,667	100.33%
2011	22,266,259	21,834,784	98.06%	380,911	22,215,695	99.77%
2012	22,174,331	21,661,897	97.69%	544,361	22,206,258	100.14%
2013	22,084,256	21,729,359	98.39%	211,990	21,941,349	99.35%
2014	21,981,747	21,698,390	98.71%	-	21,698,390	98.71%

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*
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	3.85%	1,382
2014	80,207,505	-	105,565	-	14,464,348	94,777,418	3.85%	1,382
2015	73,032,305	-	97,417	-	18,484,900	91,614,622	4.42%	1,336

* 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					
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
2015	73,032,305	18,484,900	-	91,517,205	1.65%		1,335

* 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, 2015

Governmental Unit	Gross Debt	Percentage Debt Applicable to the Village of Palatine (1)	Village of Palatine Share of Debt
Village of Palatine	\$ 73,129,722	100.00%	\$ 73,129,722
School Districts (2)			
Palatine Community District No. 15	19,690,089	50.43%	9,929,712
Township High School District No. 211	11,380,000	23.51%	2,675,438
Township High School District No. 214	58,210,000	0.02%	11,642
Community College District No. 512	170,935,000	9.42%	16,102,077
Total school districts	260,215,089		28,718,869
Other than schools (2)			
Cook County	3,466,835,000	1.24%	42,988,754
Cook County Forest Preserve District	172,535,000	1.24%	2,139,434
Metropolitan Water Reclamation District	2,642,374,005	1.27%	33,558,150
Park Districts			
Arlington Heights Park District	15,190,000	0.06%	9,114
Palatine Park District	18,290,000	75.99%	13,898,571
Salt Creek Park District	2,890,000	50.87%	1,470,143
Total other than schools	6,318,114,005		94,064,166
Total Overlapping Governmental Activities Debt	6,578,329,094		122,783,035
Total Direct and Overlapping Governmental Activities Debt	\$ 6,651,458,816		\$ 195,912,757

(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 2014 EAV is the most current available.

(2) As of June 2, 2015

Data Source

Office of the County Clerk

VILLAGE OF PALATINE, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

December 31, 2015

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
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%
2015	68,557	2,073,908,800	30,251	4.8%

Data Source

US Census Bureau

Illinois Department of Employment Security

VILLAGE OF PALATINE, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2015			2006		
	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	2,088	3.05%	3	1,200	1.82%
Township High School District 211	2	2,057	3.00%	4	927	1.41%
United States Postal Service	3	1,000	1.46%	2	1,610	2.44%
Community College District 512	4	840	1.23%	5	834	1.27%
United Parcel Service	5	500	0.73%	1	2,000	3.03%
Village of Palatine	6	338	0.49%	6	363	0.55%
Schneider Electric - Square D	7	250	0.36%	NA	NA	NA
Weber-Stephen Products	8	200	0.29%	NA	NA	NA
Intec Group, Inc.	9	150	0.22%	8	80	0.12%
Keller Williams	10	140	0.20%	NA	NA	NA
Arlington Plating	NA	NA	NA	7	135	0.20%

Data Source

Village Records

VILLAGE OF PALATINE, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	7.0	7.0	7.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Finance and Operations	17.0	17.0	17.0	17.0	15.0	13.0	12.0	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	4.0	4.0	4.0	4.0	4.0	4.0	2.5	2.5	2.5	2.5
Information systems	8.0	8.5	8.5	10.0	9.5	7.0	7.0	7.0	7.0	7.0
Planning and Zoning	5.0	5.0	5.0	5.0	4.5	4.5	4.5	4.5	4.5	4.5
PUBLIC SAFETY										
Community services	19.0	20.0	21.0	19.5	16.5	14.5	15.5	15.0	15.0	16.0
Police										
Sworn personnel	109.0	110.0	112.0	112.0	111.0	110.0	109.0	109.0	108.0	109.0
Civilians	31.0	31.0	31.0	31.0	31.0	31.5	31.5	31.5	31.0	31.5
Fire										
Sworn personnel	95.0	95.0	95.0	95.0	93.0	92.0	91.0	91.0	91.0	91.0
Civilians	11.0	11.0	11.0	11.0	10.5	9.5	9.5	9.5	9.5	9.5
PUBLIC WORKS										
Engineering	6.5	6.5	7.0	6.5	7.0	6.0	5.0	5.0	5.0	5.0
Public Works	58.5	58.5	60.0	60.0	59.0	58.5	58.5	58.5	58.5	58.5

Data Source

Village Records

VILLAGE OF PALATINE, ILLINOIS

OPERATING INDICATORS AND CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

OPERATING INDICATORS										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
PUBLIC SAFETY										
Police										
Physical arrests	NA	2,417	2,162	2,308	2,224	1,657	1,506	1,475	1,527	1,660
Parking violations	NA	631	7,388	7,315	6,908	6,264	4,364	4,754	4,756	5,664
Traffic violations	NA	5,415	2,214	11,473	11,616	10,680	9,928	9,933	9,960	11,229
Fire										
Emergency responses	6,891	7,401	7,257	7,020	7,233	7,510	7,680	7,770	8,009	7,661
PUBLIC WORKS										
Water										
Number of connections	17,500	19,597	19,464	19,658	19,644	19,473	19,481	19,584	19,181	19,181
Avg daily consumption	6.77M	7.02M	6.71M	6.44M	6.44M	6.47M	6.93M	6.57M	6.30M	6.49M

CAPITAL ASSET STATISTICS										
	2006	2007*	2008	2009	2010	2011	2012	2013	2014	2015
PUBLIC SAFETY										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	29	32	26	25	25	28	28	28	28	28
Fire										
Fire stations	5	5	5	5	5	5	5	5	5	5
Fire engines	7	5	7	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	140	140	156	156	156	156	156	245	245
Fire hydrants	NA	2,050	2,050	2,060	2,060	2,060	2,060	2,060	2,513	2,513
Sewerage										
Sanitary sewers (miles)	200	145	145	145	145	145	145	145	168	168
Storm sewers (miles)	220	220	221	225	225	225	225	225	260	260

* Restated GASB values.

Data Source

Village Records

(This page is intentionally left blank.)

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

VILLAGE OF PALATINE, ILLINOIS

DISCLOSURES REQUIRED BY SEC RULE 15C2-12
STATEMENT OF INDEBTEDNESS
December 31, 2015

		As Percent of		Per Capita
		Assessed	Estimated True	(2010 Special
	Amount	Value	Value	Census Pop. 68,557)
<hr/>				
Taxable real property, 2014				
Assessed valuation	\$ 1,606,971,373	100.00%	33.33%	\$ 23,440
Estimated true value	4,820,914,119	300.00%	100.00%	70,320
<hr/>				
Total general obligation bonded debt (1):	89,840,000	5.59%	1.86%	1,310
Less: Self-Supporting	(53,730,000)	-3.34%	-1.11%	(784)
Net general obligation bonded debt	36,110,000	2.25%	0.75%	527
<hr/>				
Overlapping bonded debt payable from property taxes (2):				
Schools	28,718,869	1.79%	0.60%	419
Other than schools	94,064,166	5.85%	1.95%	1,372
Total overlapping bonded debt	122,783,035	7.64%	2.55%	1,791
<hr/>				
Total net direct and overlapping bonded debt	\$ 158,893,035	9.89%	3.30%	\$ 2,318

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 \$53,730,000 or 59.8% is considered self-supporting.

(2) Overlapping bonded debt as of June 2015.

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, 2015

Due 12/1	Principal Maturities (1)					
	Series 1989 (3)	Series 2007 (5 Issues)	Series 2009 (7 Issues)	Series 2010 (4 Issues)	Series 2011 (2 Issues)	Series 2012 (1 Issue)
2016	\$ 1,855,000	\$ 1,360,000	\$ 475,000	\$ 2,340,000	\$ 1,000,000	\$ 515,000
2017	-	1,485,000	1,245,000	565,000	1,050,000	525,000
2018	-	1,195,000	1,660,000	590,000	900,000	540,000
2019	-	1,255,000	1,810,000	615,000	900,000	555,000
2020	-	1,315,000	1,830,000	650,000	900,000	570,000
2021	-	1,390,000	2,610,000	675,000	1,000,000	595,000
2022	-	1,345,000	2,740,000	705,000	1,000,000	615,000
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	-	-
	\$ 1,855,000	\$ 12,385,000	\$ 19,310,000	\$ 24,940,000	\$ 6,850,000	\$ 3,915,000

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 \$5,705,000 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; \$97,417 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 \$89,840,000 outstanding principal at December 31, 2015, the Village estimates that \$53,730,000 (59.8%) is self-supporting from non-property tax sources.

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

Data Source

Village Records

Series	Series	Total Maturities (2)	
2014	2015		
(2 Issues)	(1 Issue)	Amount	%
\$ 1,390,000	\$ 595,000	\$ 9,530,000	10.6%
1,440,000	615,000	6,925,000	7.7%
1,475,000	645,000	7,005,000	7.8%
1,505,000	665,000	7,305,000	8.1%
1,565,000	695,000	7,525,000	8.4%
945,000	725,000	7,940,000	8.8%
975,000	750,000	8,130,000	9.0%
1,015,000	785,000	3,770,000	4.2%
1,050,000	820,000	4,530,000	5.0%
1,090,000	870,000	4,715,000	5.2%
310,000	-	3,185,000	3.5%
325,000	-	2,455,000	2.7%
335,000	-	2,535,000	2.8%
-	-	2,290,000	2.5%
-	-	2,200,000	2.4%
-	-	2,300,000	2.6%
-	-	2,400,000	2.7%
-	-	2,500,000	2.8%
-	-	2,600,000	2.9%
\$ 13,420,000	\$ 7,165,000	\$ 89,840,000	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, 2015

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)	Estimate
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
December 2, 2015	7,165,000	1.98%	0.78%	4.52%	3.32%	3,184	2,337	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, 2015

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%	\$ 19,690,089	50.43%	\$ 9,929,712
Township High School District No. 211	99.9%	11,380,000	23.51%	2,675,438
Township High School District No. 214	0.1%	58,210,000	0.02%	11,642
Community College District No. 512	100.0%	170,935,000	9.42%	16,102,077
Total school districts		<u>260,215,089</u>		<u>28,718,869</u>
Other than schools				
Cook County	100.0%	3,466,835,000	1.24%	42,988,754
Cook County Forest Preserve District	100.0%	172,535,000	1.24%	2,139,434
Metropolitan Water Reclamation District	100.0%	2,642,374,005	1.27%	33,558,150
Park Districts				
Arlington Heights Park District	0.1%	15,190,000	0.06%	9,114
Palatine Park District	94.2%	18,290,000	75.99%	13,898,571
Salt Creek Park District	5.7%	2,890,000	50.87%	1,470,143
Total other than schools		<u>6,318,114,005</u>		<u>94,064,166</u>
Total Overlapping Governmental Activities Debt		<u>\$ 6,578,329,094</u>		<u>\$ 122,783,035</u>

Notes:

(1) As of June 2, 2015.

(2) Overlapping debt percentages based on 2014 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, 2015

Levy Year	Net for General Taxing Purposes	Plus Incremental Valuation	Total For All Taxing Purposes (1)	Increase Over Prior Year
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%
2014	1,606,971,343	197,915,722	1,804,887,065	7.8%

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, 2015

Tax Levy Year	2010	2011	2012	2013	2014
TAX RATES					
Village of Palatine (1)					
Social Security	\$ 0.097	\$ 0.109	\$ 0.122	\$ 0.148	\$ 0.119
IMRF	0.060	0.060	0.065	0.081	0.080
Corporate (Police Protection)	0.241	0.233	0.267	0.305	0.306
Fire Protection	0.239	0.233	0.267	0.305	0.306
Fire Pension	0.110	0.148	0.163	0.196	0.204
Police Pension	0.149	0.154	0.163	0.187	0.191
Debt Service	0.126	0.184	0.153	0.168	0.162
Total Village of Palatine	1.022	1.121	1.200	1.390	1.368
School Districts					
Palatine CCSD No. 15	2.603	2.943	3.269	3.849	3.868
Junior College No. 512	0.295	0.334	0.373	0.444	0.451
Township HSD No. 211	2.204	2.482	2.772	3.197	3.213
Park District	0.468	0.517	0.574	0.680	0.696
Library District	0.198	0.222	0.248	0.293	0.295
County					
County of Cook	0.423	0.462	0.594	0.560	0.568
Forest Preserve	0.051	0.058	0.062	0.069	0.069
Township					
Palatine Township	0.039	0.044	0.049	0.058	0.059
General Assistance	0.010	0.012	0.014	0.017	0.017
Road and Bridge	0.070	0.079	0.082	0.092	0.090
Other Districts					
Northwest Mosquito	0.009	0.010	0.011	0.013	0.013
Sanitary District	0.274	0.320	0.370	0.417	0.430
Elections (ELCO)	-	0.025	-	0.031	-
TOTAL TAX RATE (2)	\$ 7.666	\$ 8.629	\$ 9.618	\$ 11.110	\$ 11.137
SHARE OF TOTAL TAX LEVIED BY THE VILLAGE	13.33%	12.99%	12.48%	12.51%	12.28%

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, 2015

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
2005	\$ 19,077,680	\$ 18,988,556	99.53%	\$ (403,796)	\$ 18,584,760	97.42%
2006	19,798,958	17,473,576	88.26%	1,895,584	19,369,160	97.83%
2007	20,692,508	19,846,267	95.91%	184,371	20,030,638	96.80%
2008	21,282,715	18,913,144	88.87%	2,137,626	21,050,770	98.91%
2009	21,435,201	18,588,397	86.72%	2,703,795	21,292,192	99.33%
2010	22,288,006	21,350,808	95.80%	1,010,859	22,361,667	100.33%
2011	22,266,259	21,834,784	98.06%	380,911	22,215,695	99.77%
2012	22,174,331	21,661,897	97.69%	544,361	22,206,258	100.14%
2013	22,084,256	21,729,359	98.39%	211,990	21,941,349	99.35%
2014	21,981,747	21,698,390	98.71%	-	21,698,390	98.71%

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, 2015

Property Classification (1)	2010	2011	2012	2013	2014
Residential	\$ 1,696,347,388	\$ 1,563,334,770	\$ 1,448,021,095	\$ 1,218,389,388	\$ 1,218,389,388
Commercial	324,004,088	278,224,339	266,901,767	248,664,150	248,664,150
Industrial/Railroad/Farm	161,853,695	145,507,673	134,160,019	122,708,665	122,708,665
Net for General Taxing Purposes	2,182,205,171	1,987,066,782	1,849,082,881	1,589,762,203	1,589,762,203
Incremental Valuation (2)	155,066,131	213,010,709	104,823,912	84,767,445	84,767,445
Total for all Taxing Purposes	\$ 2,337,271,302	\$ 2,200,077,491	\$ 1,953,906,793	\$ 1,674,529,648	\$ 1,674,529,648
Percentage Increase	7.2%	3.2%	-10.2%	-5.9%	-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, 2015

Taxpayer		Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Weber Stephen Products	Corporate Headquarters	\$ 16,265,656	1	1.01%
Wal Mart	Retail Store	14,600,203	2	0.91%
Bourbon Square Apartments	Apartments	10,633,466	3	0.66%
Brookind Corporate Tax Dept	United Parcel Service	9,149,753	4	0.57%
Thomson Pts	Commercial Real Estate	8,140,378	5	0.51%
Village Park Palatine 300	Apartments	8,069,051	6	0.50%
McCaffery Interests	Commercial Real Estate	7,984,965	7	0.50%
Arlington Toyota	Automobile Dealership	7,879,706	8	0.49%
Highland Mgmt Pp	Commercial Real Estate	6,677,884	9	0.42%
Target	Retail Store	6,061,966	10	0.38%
		<u>\$ 95,463,028</u>		<u>5.95%</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 2014 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, 2015

Summary Statement of Revenue, Expenditures and Changes in Fund Balance (1)
(Fiscal Year Ending December 31, 2011 - 2015)

	2011	2012	2013	2014	2015	CY 2016 Budget (2)
REVENUES						
Taxes	\$ 26,009,684	\$ 25,588,613	\$ 26,061,334	\$ 25,864,623	\$ 25,505,027	\$ 25,864,853
Licenses and permits	2,695,124	2,612,185	2,822,149	3,081,336	3,153,792	3,090,700
Intergovernmental	16,891,419	17,742,034	18,176,446	18,899,416	19,484,491	19,764,260
Charges for services	3,106,138	3,075,790	3,380,429	3,494,656	3,855,071	4,108,960
Fines and forfeits	922,119	1,361,163	1,336,226	1,365,125	1,367,053	1,395,000
Investment income	250,177	260,139	257,429	273,846	266,890	219,105
Miscellaneous	285,258	139,661	152,334	209,354	80,843	395,600
Sale of capital assets	1,115,680	-	-	-	-	-
Transfers	253,000	-	-	175,410	-	-
Total revenues	51,528,599	50,779,585	52,186,347	53,363,766	53,713,167	54,838,478
EXPENDITURES						
General government	6,296,980	5,448,017	5,532,910	5,690,050	5,853,988	7,502,175
Public safety	36,211,371	36,298,800	36,975,266	37,982,977	40,046,839	40,435,835
Public works	5,865,054	5,850,899	6,228,622	6,769,212	6,419,162	6,660,105
Transfers	-	1,269,890	1,848,000	2,782,498	2,266,125	-
Total expenditures	48,373,405	48,867,606	50,584,798	53,224,737	54,586,114	54,598,115
EXCESS (DEFICIENCY) OF REVENUES						
OVER EXPENDITURES	3,155,194	1,911,979	1,601,549	139,029	(872,947)	\$ 240,363
FUND BALANCE, JANUARY 1	16,099,698	19,254,892	21,166,871	22,768,420	22,907,449	
FUND BALANCE, DECEMBER 31	\$ 19,254,892	\$ 21,166,871	\$ 22,768,420	\$ 22,907,449	\$ 22,034,502	

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, 2015

Balance Sheet (1)					
(December 31, 2011 - 2015)					
	2011	2012	2013	2014	2015
ASSETS					
Cash and investments	\$ 8,086,602	\$ 11,790,228	\$ 14,703,048	\$ 14,744,764	\$ 13,180,345
Receivables					
Property taxes	18,680,223	19,240,191	19,344,267	19,265,543	19,153,128
Other	642,072	665,701	670,240	658,730	772,440
Due from other governments	5,427,543	4,577,491	4,232,818	4,451,668	4,382,548
Accrued interest	-	4,255	1,105	15,590	5,580
Due from other funds	42,586	23,281	18,532	329,213	722,987
Advance to other funds	6,267,920	5,772,920	5,277,920	4,782,920	5,022,070
TOTAL ASSETS	\$ 39,146,946	\$ 42,074,067	\$ 44,247,930	\$ 44,248,428	\$ 43,239,098
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 230,321	\$ 311,396	\$ 408,168	\$ 402,771	\$ 235,896
Deferred revenues	-	-	-	10,000	14,054
All other liabilities	1,242,138	1,444,550	1,845,492	1,748,047	1,873,098
TOTAL LIABILITIES	1,472,459	1,755,946	2,253,660	2,160,818	2,123,048
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	18,419,595	19,151,250	19,225,850	19,180,161	19,081,548
FUND BALANCE					
Nonspendable	6,267,920	5,772,920	5,277,920	4,782,920	5,022,070
Unassigned	12,986,972	15,393,951	17,490,500	18,124,529	17,012,432
TOTAL FUND BALANCE	19,254,892	21,166,871	22,768,420	22,907,449	22,034,502
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 39,146,946	\$ 42,074,067	\$ 44,247,930	\$ 44,248,428	\$ 43,239,098

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, 2015

	<i>Fund Balances/Net Position</i>				
	2011	2012	2013	2014	2015
Governmental Fund Types					
General	\$ 18,925,892	\$ 20,837,871	\$ 22,158,670	\$ 22,907,449	\$ 22,034,502
Special Revenue	31,085,574	26,930,968	19,160,526	17,706,348	14,674,480
Debt Service	2,584,143	2,424,978	2,192,428	195,382	164,210
Capital Projects	13,806,381	14,022,974	16,344,093	21,284,780	13,536,719
	66,401,990	64,216,791	59,855,717	62,093,959	50,409,911
Proprietary Fund Types					
Enterprise Funds	52,919,485	55,269,327	59,059,420	59,528,395	57,365,321
Internal Service Funds	6,423,340	5,770,827	6,076,586	6,575,101	6,899,091
	59,342,825	61,040,154	65,136,006	66,103,496	64,264,412
Fiduciary Fund Types (2):					
Pension Trust	90,307,659	99,838,988	114,281,101	121,861,769	121,333,691
Total All Funds (Memo Only)	\$ 216,052,474	\$ 225,095,933	\$ 239,272,824	\$ 250,059,224	\$ 236,008,014
	<i>Cash and Investments</i>				
	2011	2012	2013	2014	2015
Fund					
General	\$ 8,086,602	\$ 11,790,228	\$ 14,721,580	\$ 14,744,764	\$ 13,180,345
Special Revenue	10,473,718	8,935,962	7,449,115	5,506,022	7,005,104
Debt Service	2,534,147	2,410,097	2,177,269	184,613	154,219
Capital Projects	16,140,765	14,463,602	15,966,430	21,019,849	15,203,368
Enterprise Funds	9,730,991	11,671,448	13,381,572	11,827,277	16,632,413
Internal Service Funds	7,255,691	7,402,263	8,081,736	8,723,459	8,592,296
Pension Trust	89,928,459	99,608,926	113,985,629	121,588,332	121,019,158
Total All Funds (Memo Only)	\$ 144,150,373	\$ 156,282,526	\$ 175,763,331	\$ 183,594,316	\$ 181,786,903

Notes:

(1) These condensed financial statements for the years ending December 31, 2011 - 2015, 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, 2015, included an unqualified "Report of Independent Auditors". Similar unqualified opinions were included in the Village's CAFRs for the fiscal years ended December 31, 2011 - 2014. 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, 2015, 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, 2015

	Governmental Activities	Business Type Activities
Land	\$ 11,565,020	\$ 4,858,690
Land - Rights of way	139,806,925	-
Machinery & equipment	10,909,480	2,861,365
Buildings & improvements	50,073,135	23,218,430
Streets	28,478,530	-
Bridges	1,596,735	-
Sanitary sewer system	-	26,952,900
Storm sewer system	-	34,351,055
Water system	-	19,518,050
	242,429,825	111,760,490
Less: Accumulated depreciation	33,894,885	62,631,825
Net investment in capital assets	\$ 208,534,940	\$ 49,128,665

Data Source

Village Records