

ANNUAL TAX INCREMENT FINANCE REPORT
OFFICE OF ILLINOIS COMPTROLLER DANIEL W. HYNES

Name of Municipality: **Village of Palatine**
County: **Cook**
Basis of Accounting: **Modified Accrual**

Unit Code: 016/430/32
Reporting Fiscal Year: 2008
Fiscal Year End: 12/31/2008

TIF Administrator/Contact Information:

First Name:	Reid	Last Name:	Ottesen
Address:	200 E. Wood Street	Title:	Village Manager
Telephone:	(847) 359-9050	City:	Palatine
E-Mail:	rottesen@palatine.il.us	Zip:	60067

I attest to the best of my knowledge, this report of the redevelopment project areas in:

**City/Village of Palatine is complete and accurate at the end of this reporting
Fiscal year under the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74 et. seq.]**

Written signature of TIF Administrator

Date

Section 1 (65 ILCS 5/11-74.4-5 (d) (1.5) and 65 ILCS 5/11-74.6-22 (d) (1.5)*)

FILL OUT ONLY ONCE (PER MUNICIPALITY), ADD ADDITIONAL ROWS AS NECESSARY

**All statutory citations refer to one of two sections of the Illinois Municipal Code: the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. Seq.] or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]*

SECTION 2 [Sections 2 through 5 must be completed for each redevelopment project area listed in Section 1.]

Name of Redevelopment Project Area:	Dundee Road TIF	
Primary Use of Redevelopment Project Area*:	Retail	
If "Combination/Mixed" List Component Types:		
Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):		
Tax Increment Allocation Redevelopment Act <input checked="" type="checkbox"/> Industrial Jobs Recovery Law <input type="checkbox"/>		

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] If yes, please enclose the amendment labeled Attachment A	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] Please enclose the CEO Certification labeled Attachment B		X
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] Please enclose the Legal Counsel Opinion labeled Attachment C		X
Were there any activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented in the preceding fiscal year and a description of the activities undertaken? [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] If yes, please enclose the Activities Statement labeled Attachment D		X
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] If yes, please enclose the Agreement(s) labeled Attachment E		X
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] If yes, please enclose the Additional Information labeled Attachment F		X
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G		X
Were there any reports or meeting minutes submitted to the municipality by the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] If yes, please enclose the Joint Review Board Report labeled Attachment H		X
Were any obligations issued by municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] If yes, please enclose the Official Statement labeled Attachment I		X
Was analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage? [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] If yes, please enclose the Analysis labeled Attachment J		X
Cumulatively, have deposits equal or greater than \$100,000 been made into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K		X
Cumulatively, have deposits of incremental revenue equal to or greater than \$100,000 been made into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9) If yes, please enclose a certified letter statement reviewing compliance with the Act labeled Attachment L		X

* Types include: Central Business District, Retail, Other Commercial, Industrial, Residential, and Combination/Mixed.

SECTION 3.1 - (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))**Provide an analysis of the special tax allocation fund.**

	Reporting Year	Cumulative
Fund Balance at Beginning of Reporting Period	\$ 10,898,764	

Revenue/Cash Receipts Deposited in Fund During Reporting FY:

	\$	%	% of Total
Property Tax Increment	3,149,295	26,715,787	54%
State Sales Tax Increment	-	-	0%
Local Sales Tax Increment	-	-	0%
State Utility Tax Increment	-	-	0%
Local Utility Tax Increment	-	-	0%
Interest	235,055	2,930,321	6%
Land/Building Sale Proceeds	-	-	0%
Bond Proceeds	-	14,252,408	29%
Transfers from Municipal Sources	-	-	0%
Private Sources	-	5,500,000	11%
Other (identify source _____; if multiple other sources, attach schedule)	-	-	0%

Total Amount Deposited in Special Tax Allocation**Fund During Reporting Period** \$ 3,384,350**Cumulative Total Revenues/Cash Receipts** \$ 49,398,516 100%**Total Expenditures/Cash Disbursements** (Carried forward from Section 3) \$ 6,915,892**Distribution of Surplus** \$ -**Total Expenditures/Disbursements** \$ 6,915,892**NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENT** \$ (3,531,542)**FUND BALANCE, END OF REPORTING PERIOD** \$ 7,367,222

- if there is a positive fund balance at the end of the reporting period, you must complete Section 3.3

SECTION 3.2 A- (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))**ITEMIZED LIST OF ALL EXPENDITURES FROM THE SPECIAL TAX ALLOCATION FUND**

(by category of permissible redevelopment cost, amounts expended during reporting period)

FOR AMOUNTS >\$10,000 SECTION 3.2 B MUST BE COMPLETED**Category of Permissible Redevelopment Cost [65 ILCS 5/11-74.4-3 (q) and 65 ILCS 5/11-74.6-10 (o)]**

	Reporting Fiscal Year
1. Costs of studies, administration and professional services—Subsections (q)(1) and (o) (1)	
	\$ -
2. Cost of marketing sites—Subsections (q)(1.6) and (o)(1.6)	
	\$ -
3. Property assembly, demolition, site preparation and environmental site improvement costs. Subsection (q)(2), (o)(2) and (o)(3)	
	\$ -
4. Costs of rehabilitation, reconstruction, repair or remodeling and replacement of existing public buildings. Subsection (q)(3) and (o)(4)	
	\$ -
5. Costs of construction of public works and improvements. Subsection (q)(4) and (o)(5)	
	\$ -

Section 3.2 B

List all vendors, including other municipal funds, that were paid in excess of \$10,000 during the current reporting year.

There were no vendors, including other municipal funds, paid in excess of \$10,000 during the current reporting period.

SECTION 3.3 - (65 ILCS 5/11-74.4-5 (d) (5) 65 ILCS 11-74.6-22 (d) (5))**Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period****(65 ILCS 5/11-74.4-5 (d) (5) (D) and 65 ILCS 5/11-74.6-22 (d) (5) (D))****FUND BALANCE, END OF REPORTING PERIOD**

\$ 7,367,222

	Amount of Original Issuance	Amount Designated
1. Description of Debt Obligations		
Tax Increment Revenue Refunding Bonds	\$ 24,290,000	\$ 7,367,222
Subordinated Limited Redevelopment Note	\$ 380,000	
Subordinated Limited Redevelopment Note	\$ 100,000	
Subordinated Limited Redevelopment Note	\$ 337,100	
Total Amount Designated for Obligations	\$ 25,107,100	\$ 7,367,222
2. Description of Project Costs to be Paid		
Total Amount Designated for Project Costs	\$ -	
TOTAL AMOUNT DESIGNATED		\$ 7,367,222
SURPLUS*/(DEFICIT)		\$ -

* NOTE: If a surplus is calculated, the municipality may be required to repay the amount to overlapping taxing districts

SECTION 4 [65 ILCS 5/11-74.4-5 (d) (6) and 65 ILCS 5/11-74.6-22 (d) (6)]

Provide a description of all property purchased by the municipality during the reporting fiscal year within the redevelopment project area.

X **No property was acquired by the Municipality Within the Redevelopment Project Area**

Property Acquired by the Municipality Within the Redevelopment Project Area

Property (1):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (2):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (3):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (4):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

SECTION 5 - 65 ILCS 5/11-74.4-5 (d) (7) (G) and 65 ILCS 5/11-74.6-22 (d) (7) (G)

Please include a brief description of each project.

No Projects Were Undertaken by the Municipality Within the Redevelopment Project Area

11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Estimated Cost of the Total Project
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TOTAL:			
Private Investment Undertaken (See Instructions)	\$ 1,800,000	\$ -	\$ 1,800,000
Public Investment Undertaken	\$ -	\$ -	\$ -
Ratio of Private/Public Investment	0		0
Project 1: Staples			
Private Investment Undertaken (See Instructions)	\$ 1,800,000	\$ -	\$ 1,800,000
Public Investment Undertaken	\$ -	\$ -	\$ -
Ratio of Private/Public Investment	0		0
Project 2:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
Project 3:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
Project 4:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
Project 5:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
Project 6:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 7:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 8:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 9:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 10:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 11:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 12:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 13:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 14:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 15:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Optional: Information in the following sections is not required by law, but would be helpful in evaluating the performance of TIF in Illinois.

SECTION 6

Provide the base EAV (at the time of designation) and the EAV for the year reported for the redevelopment project area

Year redevelopment

project area was

designated

Reporting Fiscal Year

EAV

1995	\$ 3,899,242	\$ 48,122,252
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List all overlapping tax districts in the redevelopment project area.

If overlapping taxing district received a surplus, list the surplus.

The overlapping taxing districts did not receive a surplus.

Overlapping Taxing District	Surplus Distributed from redevelopment project area to overlapping districts
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SECTION 7

Provide information about job creation and retention

Number of Jobs Retained	Number of Jobs Created	Description and Type (Temporary or Permanent) of Jobs	Total Salaries Paid
		\$	-
		\$	-
		\$	-
		\$	-
		\$	-
		\$	-
		\$	-

SECTION 8

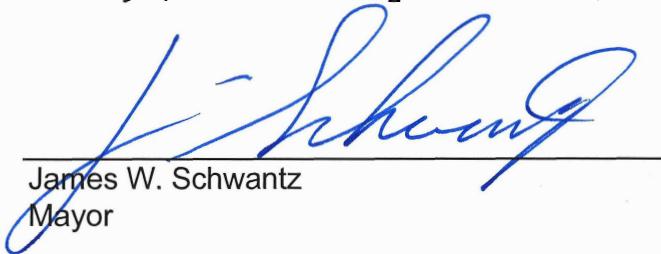
Provide a general description of the redevelopment project area using only major boundaries:

11. *What is the primary purpose of the following statement?*

Optional Documents	Enclosed	
Legal description of redevelopment project area		
Map of District		

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER

I, James W. Schwantz, the duly elected Mayor and Chief Executive Officer of the Village of Palatine, County of Cook, State of Illinois, do hereby certify that to the best of my knowledge, the Village complied with the requirements pertaining to the Illinois Tax Increment Redevelopment Allocation Act during the fiscal year beginning January 1, 2008 and ending December 31, 2008.



James W. Schwantz
Mayor

2/13/09

Date

CERTIFICATION BY THE VILLAGE ATTORNEY

This will confirm that I am the duly appointed Village Attorney of the Village of Palatine, County of Cook, State of Illinois. I have reviewed all information provided to me by the Village of Palatine staff and consultants. I find that the Village has conformed to all the applicable requirements of the Illinois Tax Increment Redevelopment Allocation Act set forth thereunder for the fiscal year beginning January 1, 2008 and ending December 31, 2008, to the best of my knowledge and belief.

Robert C. Kenny
Village Attorney

7/7/09
Date

Activities Undertaken in Furtherance of the Objectives of the Redevelopment Plan

The Village Management is actively pursuing alternative uses for the property recently vacated at 715 E. Dundee. The property was formerly occupied by Linens N' Things.

Reconciliation of Auditors Report to TIF Report
December 31, 2008

For financial reporting purposes, the Dundee Road and Rand/Dundee TIF Districts are accounted for as one "fund". This is done due to the 1998 Refunding Bond being serviced by the incremental revenues of both of these two TIF Districts. This reconciliation breaks the combined information into the individual districts.

	<u>Combined</u>	<u>Dundee Road</u>	<u>Rand/Dundee</u>
Beginning Balances, January 1, 2008	<u>\$ 12,588,735</u>	<u>\$ 10,898,764</u>	<u>\$ 1,689,971</u>
ADDITIONS			
Incremental Property Taxes	3,573,439	3,149,295	424,144
Investment Income	<u>273,320</u>	<u>235,055</u>	<u>38,265</u>
Total Additions	<u>3,846,759</u>	<u>3,384,350</u>	<u>462,409</u>
DEDUCTIONS			
Debt Service			
Principal	7,555,000	6,497,300	1,057,700
Interest & Fiscal Charges	<u>486,735</u>	<u>418,592</u>	<u>68,143</u>
	<u>8,041,735</u>	<u>6,915,892</u>	<u>1,125,843</u>
NET CHANGE IN FUND BALANCES	<u>(4,194,976)</u>	<u>(3,531,542)</u>	<u>(663,434)</u>
Ending Balances, December 31, 2008	<u>\$ 8,393,759</u>	<u>\$ 7,367,222</u>	<u>\$ 1,026,537</u>
 Ending Balances by Source			
Property Taxes	\$ 4,642,271	\$ 4,436,901	\$ 205,370
Investment Income	<u>3,751,488</u>	<u>2,930,321</u>	<u>821,167</u>
	<u>\$ 8,393,759</u>	<u>\$ 7,367,222</u>	<u>\$ 1,026,537</u>



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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

The Honorable Mayor
Members of the Village Council
Village of Palatine, Illinois

We have audited the accompanying schedule of revenues and other sources, expenditures and other financing uses and changes in fund balances of the Dundee Road and Rand/Dundee Tax Increment Financing District Fund, Downtown Tax Increment Financing District Fund, and the Rand Road Corridor Tax Increment Financing District Fund of the Village of Palatine, Illinois for the year ended December 31, 2008. These financial statements are the responsibility of the Village of Palatine, Illinois' management. Our responsibility is to express an opinion 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 of material misstatement. An audit also includes assessing the accounting principles used and significant estimated made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements present only the Dundee Road and Rand/Dundee Tax Increment Financing District Fund, Downtown Tax Increment Financing District Fund, and the Rand Road Corridor Tax Increment Financing District Fund and are not intended to present fairly the financial position and changes in financial position of the Village of Palatine, Illinois in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the changes in financial position of the Dundee Road and Rand/Dundee Tax Increment Financing District Fund, Downtown Tax Increment Financing District Fund, and the Rand Road Corridor Tax Increment Financing District Fund of the Village of Palatine, Illinois for the year ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Sikich LLP".

Aurora, Illinois
May 29, 2009

VILLAGE OF PALATINE, ILLINOIS

TAX INCREMENT FINANCING DISTRICTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

For the Year Ended
December 31, 2008

	Dundee Road and Rand/Dundee TIF	Downtown TIF	Rand Road Corridor TIF
REVENUES AND OTHER FINANCING SOURCES			
Property taxes			
Rand/Dundee TIF	\$ 3,573,439	\$ -	\$ -
Downtown TIF	-	5,612,469	-
Rand Road Corridor TIF	-	-	3,198,105
Investment income	273,320	125,655	44,419
Miscellaneous	-	41,920	-
 Total revenues	 3,846,759	 5,780,044	 3,242,524
 EXPENDITURES AND OTHER FINANCING USES			
Economic development			
Project expenditures	-	1,097,912	13,669,079
Land acquisition	-	1,936,736	-
Administration	-	257,602	142,206
Debt service			
Principal	7,555,000	2,349,337	2,285,739
Interest and fiscal charges	486,735	1,882,470	731,901
 Total expenditures	 8,041,735	 7,524,057	 16,828,925
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(4,194,976)	(1,744,013)	(13,586,401)
 OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	-	-	1,230,159
 NET CHANGES IN FUND BALANCES	 (4,194,976)	 (1,744,013)	 (12,356,242)
 FUND BALANCES, JANUARY 1	 12,588,735	 6,641,163	 13,510,765
 FUND BALANCES, DECEMBER 31	 \$ 8,393,759	 \$ 4,897,150	 \$ 1,154,523

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

TAX INCREMENT FINANCING DISTRICTS FUNDS

SCHEDULE OF FUND BALANCES BY SOURCE

For the Year Ended
December 31, 2008

	Dundee Road and Rand/Dundee TIF	Downtown TIF	Rand Road Corridor TIF
BEGINNING BALANCES, JANUARY 1, 2008	\$ 12,588,735	\$ 6,641,163	\$ 13,510,765
ADDITIONS			
Property taxes			
Dundee Road TIF	3,573,439	-	-
Downtown TIF	-	5,612,469	-
Rand Road Corridor TIF	-	-	3,198,105
Investment income	273,320	125,655	44,419
Proceeds from sale of capital assets	-	-	1,230,159
Miscellaneous	-	41,920	-
Total additions	3,846,759	5,780,044	4,472,683
BEGINNING BALANCES PLUS ADDITIONS	<u>16,435,494</u>	<u>12,421,207</u>	<u>17,983,448</u>
DEDUCTIONS			
Economic development			
Project expenditures	-	1,097,912	13,669,079
Land acquisition	-	1,936,736	-
Administration	-	257,602	142,206
Debt service			
Principal	7,555,000	2,349,337	2,285,739
Interest and fiscal charges	486,735	1,882,470	731,901
Total deductions	8,041,735	7,524,057	16,828,925
ENDING BALANCES, DECEMBER 31, 2008	<u>\$ 8,393,759</u>	<u>\$ 4,897,150</u>	<u>\$ 1,154,523</u>
ENDING BALANCES BY SOURCE			
Property taxes	\$ 4,642,271	\$ (891,836)	\$ (982,344)
Investment income	3,751,488	-	-
Investment in land held for resale	-	5,788,986	2,136,867
Subtotal	8,393,759	4,897,150	1,154,523
Less Surplus Funds	-	-	-
ENDING BALANCES, DECEMBER 31, 2008	<u>\$ 8,393,759</u>	<u>\$ 4,897,150</u>	<u>\$ 1,154,523</u>

(See independent auditor's report.)



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH PUBLIC ACT 85-1142

The Honorable Mayor
Members of the Village Council
Village of Palatine, Illinois

We have audited the basic, combining and individual fund financial statements of the Village of Palatine, Illinois, as of and for the year ended December 31, 2008, and have issued our separate report thereon dated May 29, 2009. These financial statements are the responsibility of the Village of Palatine, Illinois' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have also audited the Village of Palatine's compliance with the provisions of subsection (q) of Illinois Compiled Statutes 65 (ILCS) 5/11-74.43 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) for the year ended December 31, 2008, for the Dundee Road and Rand/Dundee Tax Increment Financing District Fund, Downtown Tax Increment Financing District Fund, and the Rand Road Corridor Tax Increment Financing District Fund. The management of the Village of Palatine, Illinois, is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements.

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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Village of Palatine, Illinois' compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Village of Palatine, Illinois, complied, in all material respects, with the requirements of subsection (q) of Illinois Compiled Statutes 65 (ILCS) 5/11-74.43 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) for the year ended December 31, 2008, for the Dundee Road and Rand/Dundee Tax Increment Financing District Fund, Downtown Tax Increment Financing District Fund, and the Rand Road Corridor Tax Increment Financing District Fund.

Aurora, Illinois
May 29, 2009

A handwritten signature in black ink that reads 'Sikich LLP'.