



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: **2009**
Fiscal Year End: **12/31/2009**

TIF Administrator/Contact Information:

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

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.]
Or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]**

R. J. Other

7/19/10

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:	Downtown Area TIF
Primary Use of Redevelopment Project Area*:	Combination/Mixed
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	\$ 4,897,150.00	

Revenue/Cash Receipts Deposited in Fund During Reporting FY:

	\$	\$	% of Total
Property Tax Increment	6,268,686	25,684,044	31%
State Sales Tax Increment	-	-	0%
Local Sales Tax Increment	-	-	0%
State Utility Tax Increment	-	-	0%
Local Utility Tax Increment	-	-	0%
Interest	12,194	895,019	1%
Land/Building Sale Proceeds	-	1,252,260	2%
Bond Proceeds	8,500,000	54,625,866	65%
Transfers from Municipal Sources	25,028	949,516	1%
Private Sources	-	-	0%
Other (identify source _____; if multiple other sources, attach schedule)	-	-	0%

Total Amount Deposited in Special Tax Allocation**Fund During Reporting Period**

\$ 14,805,908

Cumulative Total Revenues/Cash Receipts

\$ 83,406,705 100%

Total Expenditures/Cash Disbursements (Carried forward from Section 3)

\$ 5,551,486.00

Distribution of Surplus

\$ -

Total Expenditures/Disbursements

\$ 5,551,486

NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENT

\$ 9,254,422

FUND BALANCE, END OF REPORTING PERIOD

\$ 14,151,572

- 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)	
Legal Fees	88,501
Office Supplies	
Professional Services	79,150
Materials	23,790
Utilities	5,717
	\$ 197,158
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)	
Remediation Expense	86,273
Land Acquisition (Reimbursement)	269,001
Site Development	
	\$ 355,274
4. Costs of rehabilitation, reconstruction, repair or remodeling and replacement of existing public buildings. Subsection (q)(3) and (o)(4)	
Rehabilitation, Reconstruction and Repairs	25,827
	\$ 25,827
5. Costs of construction of public works and improvements. Subsection (q)(4) and (o)(5)	
Infrastructure Improvements (streets, watermains, etc.)	81,786
	\$ 81,786

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**

\$ 14,151,572

	Amount of Original Issuance	Amount Designated
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1. Description of Debt Obligations

General Obligation Bond Series of 2001	\$ 14,565,000	\$ 13,925,000
General Obligation Bond Taxable Series of 2001	\$ 3,205,000	\$ 730,000
General Obligation Bond Taxable Series of 2003	\$ 2,975,000	\$ 1,240,000
General Obligation Bond Tax Increment Series of 2003	\$ 990,000	\$ 477,332
General Obligation Bond Series of 2004	\$ 1,900,000	\$ 1,300,000
General Obligation Bond Taxable Series of 2004A	\$ 7,500,000	\$ 6,220,000
General Obligation Bond Series of 2004D	\$ 5,080,000	\$ 4,900,000
General Obligation Bond Series of 2007A	\$ 365,000	\$ 365,000
General Obligation Bond Series of 2007B	\$ 7,335,000	\$ 6,640,000
General Obligation Bond Series of 2009E	\$ 8,500,000	\$ 8,500,000
Total Amount Designated for Obligations	\$ 52,415,000	\$ 35,797,332

2. Description of Project Costs to be Paid

Total Amount Designated for Project Costs	\$ -
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TOTAL AMOUNT DESIGNATED

\$ 35,797,332

SURPLUS*/(DEFICIT)

\$ (21,645,760)

* 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.

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

Property (1):	Harris Bank Parking Lots
Street address	150 W. Wilson, SWC Wilson & Greeley, SEC Slade & Smith
Approximate size or description of property:	150 W. Wilson, SWC Wilson & Greeley, SEC Slade & Smith
Purchase price:	3,604,365.00
Seller of property:	Harris Bank

Property (2):	Divito Property
Street address	55 N. Smith & 142 W. Slade
Approximate size or description of property:	55 N. Smith & 142 W. Slade
Purchase price:	1,500,000.00
Seller of property:	Divito

Property (3):	Mason Property
Street address	1 N. Plum Grove Road
Approximate size or description of property:	1 N. Plum Grove Road
Purchase price:	594,500.00
Seller of property:	Freemasons
Property (4):	NU View Property
Street address	NWC Palatine Road & Plum Grove Road
Approximate size or description of property:	NWC Palatine Road & Plum Grove Road
Purchase price:	542,000.00
Seller of property:	NU View

Property (4):	Langer Printing Property
Street address	23 E. Palatine Road
Approximate size or description of property:	23 E. Palatine Road
Purchase price:	385,000.00
Seller of property:	Langer Printing

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
TOTAL:			
Private Investment Undertaken (See Instructions)	\$ 288,373,320	\$ -	\$ 304,373,320
Public Investment Undertaken	\$ 60,720,253	\$ 3,450,000	\$ 67,030,253
Ratio of Private/Public Investment	4.75		4.54
Project 1: General Development			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 2,373,628	\$ -	\$ 2,373,628
Ratio of Private/Public Investment	0.00		0.00
Project 2: Wellington Court			
Private Investment Undertaken (See Instructions)	\$ 6,000,000	\$ -	\$ 6,000,000
Public Investment Undertaken	\$ 400,000	\$ -	\$ 400,000
Ratio of Private/Public Investment	15.00		15.00
Project 3: Downtown Traffic Study			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 72,024	\$ -	\$ 72,024
Ratio of Private/Public Investment	0.00		0.00
Project 4: Groves of Palatine			
Private Investment Undertaken (See Instructions)	\$ 98,000,000	\$ -	\$ 98,000,000
Public Investment Undertaken	\$ 3,976,850	\$ -	\$ 3,976,850
Ratio of Private/Public Investment	24.64		24.64
Project 5: Gateway Center			
Private Investment Undertaken (See Instructions)	\$ 18,000,000	\$ -	\$ 18,000,000
Public Investment Undertaken	\$ 18,273,000	\$ -	\$ 18,273,000
Ratio of Private/Public Investment	0.99		0.99
Project 6: Wood Street Watermain			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 251,200	\$ -	\$ 251,200
Ratio of Private/Public Investment	0.00		0.00
Project 7: Downtown Streetscape			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 1,321,201	\$ -	\$ 1,321,201
Ratio of Private/Public Investment	0.00		0.00

Project 8: Street Improvements			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 1,467,000	\$ -	\$ 1,467,000
Ratio of Private/Public Investment	0.00		0.00
Project 9: Hummel Bldg (Block 19)			
Private Investment Undertaken (See Instructions)	\$ 6,000,000	\$ -	\$ 6,000,000
Public Investment Undertaken	\$ 1,732,013	\$ -	\$ 1,732,013
Ratio of Private/Public Investment	3.46		3.46
Project 10: Providence (Block 31)			
Private Investment Undertaken (See Instructions)	\$ 42,000,000	\$ -	\$ 42,000,000
Public Investment Undertaken	\$ 9,349,933	\$ -	\$ 9,349,933
Ratio of Private/Public Investment	4.49		4.49
Project 11: Palatine Station - Toll Brothers			
Private Investment Undertaken (See Instructions)	\$ 35,000,000	\$ -	\$ 35,000,000
Public Investment Undertaken	\$ 164,831	\$ -	\$ 164,831
Ratio of Private/Public Investment	212.34		212.34
Project 12: Brownstones Phase 1 - Hummel			
Private Investment Undertaken (See Instructions)	\$ 4,000,000	\$ -	\$ 4,000,000
Public Investment Undertaken	\$ 1,374,300	\$ -	\$ 1,374,300
Ratio of Private/Public Investment	2.91		2.91
Project 13: Block 27			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 5,759,310	\$ 25,000	\$ 5,784,310
Ratio of Private/Public Investment	0.00		0.00
Project 14: Brownstones Phase 2 - Hummel			
Private Investment Undertaken (See Instructions)	\$ 5,000,000	\$ -	\$ 5,000,000
Public Investment Undertaken	\$ 900,000	\$ -	\$ 900,000
Ratio of Private/Public Investment	5.56		5.56
Project 15: Downtown Infrastructure			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 234,000	\$ -	\$ 234,000
Ratio of Private/Public Investment	0.00		0.00

Project 16: Benchmark				
Private Investment Undertaken (See Instructions)	\$ 21,000,000	\$ -	\$ 21,000,000	
Public Investment Undertaken	\$ 2,098,500	\$ -	\$ 2,098,500	
Ratio of Private/Public Investment	10.01			10.01
Project 17: Preserves of Palatine				
Private Investment Undertaken (See Instructions)	\$ 30,000,000	\$ -	\$ 30,000,000	
Public Investment Undertaken	\$ 2,089,963	\$ -	\$ 2,089,963	
Ratio of Private/Public Investment	14.35			14.35
Project 18: Metropolitan				
Private Investment Undertaken (See Instructions)	\$ 13,000,000	\$ -	\$ 13,000,000	
Public Investment Undertaken	\$ 1,952,000	\$ -	\$ 1,952,000	
Ratio of Private/Public Investment	6.66			6.66
Project 19: Music Room				
Private Investment Undertaken (See Instructions)	\$ 1,000,000	\$ -	\$ 1,000,000	
Public Investment Undertaken	\$ 125,000	\$ -	\$ 125,000	
Ratio of Private/Public Investment	8.00			8.00
Project 20: 19 South Bothwell				
Private Investment Undertaken (See Instructions)	\$ 675,000	\$ -	\$ 675,000	
Public Investment Undertaken	\$ 190,000	\$ -	\$ 190,000	
Ratio of Private/Public Investment	3.55			3.55
Project 21: Lamplighters				
Private Investment Undertaken (See Instructions)	\$ 1,000,000	\$ -	\$ 1,000,000	
Public Investment Undertaken	\$ 302,000	\$ -	\$ 302,000	
Ratio of Private/Public Investment	3.31			3.31
Project 22: Mexico Uno				
Private Investment Undertaken (See Instructions)	\$ 580,000	\$ -	\$ 580,000	
Public Investment Undertaken	\$ 482,000	\$ -	\$ 482,000	
Ratio of Private/Public Investment	1.20			1.20
Project 23: 4 North Plum Grove Road				
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -	
Public Investment Undertaken	\$ 301,500	\$ -	\$ 301,500	
Ratio of Private/Public Investment	0.00			0.00
Project 24: Stratford				
Private Investment Undertaken (See Instructions)	\$ 7,115,820	\$ -	\$ 7,115,820	
Public Investment Undertaken	\$ 540,000	\$ -	\$ 900,000	
Ratio of Private/Public Investment	13.18			7.91

Project 25: Heritage (Smith St Condo/Brownstones)

Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ 16,000,000
Public Investment Undertaken	\$ 1,200,000	\$ 250,000	\$ 1,950,000
Ratio of Private/Public Investment	0.00		8.21

Project 26: Palatine Road Construction

Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 3,780,000	\$ 3,175,000	\$ 8,955,000
Ratio of Private/Public Investment	0.00		0.00

Project 27: Mint Julep

Private Investment Undertaken (See Instructions)	\$ 2,500	\$ -	\$ 2,500
Public Investment Undertaken	\$ 10,000	\$ -	\$ 10,000
Ratio of Private/Public Investment	0.25		0.25

Project 28: Harris/Divito Acquisition

Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 5,500,000	\$ -	\$ 5,500,000
Ratio of Private/Public Investment	0.00		0.00

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

1999	\$	23,256,863	\$	115,553,511
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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

SECTION 8

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

11. **What is the primary purpose of the *Journal of Clinical Endocrinology and Metabolism*?**

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

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER

I, Jim 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, 2009 and ending December 31, 2009.



Jim Schwantz
Mayor



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, 2009 and ending December 31, 2009, to the best of my knowledge and belief.



Robert C. Kenny
Village Attorney



Date

Activities Undertaken in Furtherance of the Objectives of the Redevelopment Plan

Authorized the Village Manager to execute an amended redevelopment agreement between the Village of Palatine and R. Franczak for property in downtown Palatine, 48 56 & 64 S. Greeley Street and 37-61 (Odd #s) S. Smith Street (The Heritage Condominium and Brownstone Development).

Authorized the donation of portions of Village owned property to the Illinois Department of Transportation for purpose of a roadway construction and improvement at 10-14 West Palatine Road, 4 North Plum Grove Road, 45 West Palatine Road, 1 North Plum Grove Road, 23 East Palatine Road, 25 East Palatine Road and authorized the Mayor to execute all documents necessary and convenient to convey by warranty deed in the Downtown Redevelopment Project Area.

Continued development of streetscape/railwalk for commuter/shopper traffic.



998 Corporate Boulevard • Aurora, IL 60502

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, 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 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, 2009, in conformity with accounting principles generally accepted in the United States of America.

Aurora, Illinois
May 17, 2010

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

VILLAGE OF PALATINE, ILLINOIS

TAX INCREMENT FINANCING DISTRICTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCESFor the Year Ended
December 31, 2009

	Tax Increment Revenue	Refunding Bond Series of 1998	Downtown TIF	Rand Road Corridor TIF
REVENUES				
Property taxes				
Rand/Dundee TIF	\$ 3,680,329	\$ -	\$ -	\$ -
Downtown TIF	-	6,268,686	-	-
Rand Road Corridor TIF	-	-	-	3,316,353
Investment income	48,350	12,194	3,680	
Contributions	-	-	1,000,000	
Miscellaneous	-	25,028	-	
Total revenues	3,728,679	6,305,908	4,320,033	
EXPENDITURES				
Economic development				
Project expenditures	-	371,874	484,578	
Land acquisition	-	269,001	-	
Administration	-	285,280	6,788	
Debt service				
Principal	6,812,100	2,743,429	863,924	
Interest and fiscal charges	640,124	1,881,902	831,543	
Issuance costs	-	-	84,983	
Total expenditures	7,452,224	5,551,486	2,271,816	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(3,723,545)	754,422	2,048,217	
OTHER FINANCING SOURCES (USES)				
Bonds issued, at par	-	8,500,000	8,000,000	
NET CHANGES IN FUND BALANCES				
	(3,723,545)	9,254,422	10,048,217	
FUND BALANCES, JANUARY 1				
	8,393,759	4,897,150	1,154,523	
FUND BALANCES, DECEMBER 31	\$ 4,670,214	\$ 14,151,572	\$ 11,202,740	

(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, 2009

	Tax Increment Revenue	Refunding Bond Series of 1998	Downtown TIF	Rand Road Corridor TIF
BEGINNING BALANCES, JANUARY 1, 2009	\$ 8,393,759		\$ 4,897,150	\$ 1,154,523
ADDITIONS				
Property taxes				
Dundee Road TIF	3,680,329		-	-
Downtown TIF		-	6,268,686	-
Rand Road Corridor TIF		-	-	3,316,353
Investment income	48,350		12,194	3,680
Contributions		-	-	1,000,000
Miscellaneous		-	25,028	-
Bonds issued, at par		-	8,500,000	8,000,000
Total additions	3,728,679		14,805,908	12,320,033
BEGINNING BALANCES PLUS ADDITIONS	12,122,438		19,703,058	13,474,556
DEDUCTIONS				
Economic development				
Project expenditures	-		371,874	484,578
Land acquisition	-		269,001	-
Administration	-		285,280	6,788
Debt service				
Principal	6,812,100		2,743,429	863,924
Interest and fiscal charges	640,124		1,881,902	831,543
Issuance costs	-		-	84,983
Total deductions	7,452,224		5,551,486	2,271,816
ENDING BALANCES, DECEMBER 31, 2009	\$ 4,670,214	\$ 14,151,572	\$ 11,202,740	
ENDING BALANCES BY SOURCE				
Property taxes	\$ 870,376	\$ 1,724,529	\$ 1,059,262	
Investment income	3,799,838		12,194	3,680
Investment in land held for resale	-		12,414,849	10,139,798
Subtotal	4,670,214		14,151,572	11,202,740
Less Surplus Funds				
ENDING BALANCES, DECEMBER 31, 2009	\$ 4,670,214	\$ 14,151,572	\$ 11,202,740	

(See independent auditor's report.)



998 Corporate Boulevard • Aurora, IL 60502

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, 2009, and have issued our separate report thereon dated May 17, 2010. 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, 2009, 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, 2009, 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.

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

Aurora, Illinois
May 17, 2010