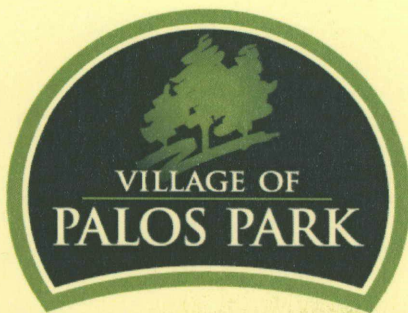


2012

VILLAGE OF PALOS PARK



*Service to Our Residents and
Dedicated To the Preservation of
Palos Park*

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

Fiscal Year Ended

April 30, 2012

VILLAGE OF PALOS PARK, ILLINOIS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
April 30, 2012

Prepared by the Finance Department

VILLAGE OF PALOS PARK, ILLINOIS

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INTRODUCTORY SECTION



VILLAGE OF PALOS PARK

PRINCIPAL OFFICIALS

MAY 1, 2012

JOHN F. MAHONEY

Mayor

MARIE ARRIGONI

Village Clerk

BOARD OF COMMISSIONERS

Daniel Polk - *Commissioner of Public Health and Safety*

Nicole Milovich-Walters - *Commissioner of Public Works and Streets, and Recreation*

Kent Oliven - *Commissioner of Accounts and Finance*

G. Darryl Reed - *Commissioner of Building and Public Property*

ADMINISTRATION

Richard B. Boehm - *Village Manager*

DEPARTMENT DIRECTORS

Steve Manning - *Community Development Director*

Nicole Marxman - *Recreation Director*

Barbara Maziarek - *Finance Director / Treasurer*

Joseph Miller - *Chief of Police*

Michael Sibrava - *Public Works Director*



VILLAGE OF
PALOS PARK

JOHN F. MAHONEY
Mayor

October 29, 2012

KENT OLIVEN
Accounts & Finances

NICOLE MILOVICH-WALTERS
Public Works & Streets, Recreation

DAN POLK
Public Health & Safety

G. DARRYL REED
Building & Public Property

MARIE ARRIGONI
Village Clerk

RICHARD B. BOEHM
Village Manager

To the Honorable John Mahoney, Village Commissioners, and
Residents of the Village of Palos Park, Illinois:

The Comprehensive Annual Financial Report (CAFR) of the Village of Palos Park, Illinois for the year ended April 30, 2012 is hereby submitted as mandated by both local ordinance and state statute. Illinois state statute requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with Unites States Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accounts.

The Village's CAFR consists of management's representation concerning the finances of the Village. Consequently, responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Village. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Village; and the Village as a whole, at the entity-wide level. All disclosures necessary to enable the reader to gain an understanding of the Village's financial activities have been included.

The Village's financial statements have been audited by Wolf & Company LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Village for the fiscal year ended April 30, 2012 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 Village of Palos Park is pleased to report that the independent audit firm Wolf & Company LLP has issued an unqualified ("clean") opinion on the Village's financial statements for the year ended April 30, 2012. The independent auditor's report is located at the front of the financial section of the CAFR.

The CAFR is presented in three parts, starting with an unaudited introductory section, followed by the audited financial section, and concludes with an unaudited statistical section. The introductory section contains a list of the principal officials, an organizational chart, the previous fiscal year's Certificate of Achievement for Excellence in Financial Reporting, and this Letter of Transmittal which is designed to complement the Management's Discussion and Analysis (MD&A).

The Management Discussion and Analysis (MD&A) provides a narrative introduction, overview, and analysis of the basic financial statements. Our MD&A complements the Letter of Transmittal and should be read in conjunction with it. Included in the basic financial statements are the government-wide financial statements, fund financial statements, and notes to the financial statements. The required supplementary information presents the budgetary comparison schedules and other schedules.

Pertinent economic data and other relevant factors about the Village can be found in the statistical section of this CAFR. The statistical section expresses financial trends over time, demonstrates the ability of the Village to generate own source revenue, articulates the Village's debt burden and its ability to issue additional debt, provides more detailed demographic and economic information, and presents additional operating information.

Village management is responsible for establishing and maintaining internal controls designed to safeguard Village assets from loss, theft, or misuse; as well as, ensuring that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The financial reporting entity (the government) includes all the funds and entity-wide accounting of the primary government (*i.e.*, the Village of Palos Park as legally defined); as well as, all of its component units. Component units are legally separate entities for which the primary government is financially accountable.

Discretely presented component units are reported in a separate column in the entity-wide financial statements to emphasize that they are legally detached from the primary government, and to differentiate their financial position and results of operations from those of the primary government. The Palos Park Public Library is reported as a discretely presented component unit. The Police Pension Fund is reported as a fiduciary fund of the primary government. The Village of Palos Park's financial statements include no information on the Palos Fire Protection District or South Palos Sanitary District as these are totally separate organizations with no financial relationship to the Village of Palos Park.

PROFILE OF THE VILLAGE OF PALOS PARK

The Village of Palos Park was incorporated on November 9, 1914 as a small town that mainly served as a summer home for artists. The Village of Palos Park is a small residential suburb less than 15 miles southwest of the City of Chicago. It is nestled among Cook County's largest single Forest Preserve (the Palos section) holding with a population of 4,847 people (the 2010 Census figure). The Village of Palos Park covers an area of 3.6 square miles, and is an upscale community that prides itself on its semi-rural character. It has developed high-quality residential neighborhoods in which 94.1% of the homes are owner-occupied. The population of the community is very stable; according to the 2010 Census, 72.8% of owners have been residents since 1989 or earlier. The median age of residents is 52.7 years with 27.9% of residents over 65 years old. Two important concerns of residents are the maintenance of property values and the quality of life issues.

Palos Park does not fit the traditional stereotype of the well-to-do southern suburb that rose out of reclaimed corn fields with expanses of flat green lawns and large fences separating neighbors. Instead, each residence sits amongst the rolling hills of a moraine dug by ice age glaciers. The municipality is separated, like islands in a sea, by Cook County Forest Preserves, and the Village trees create a complementary atmosphere. One of the most important factors in maintaining Palos Park's semi-rural character is an ordinance requiring a full acre parcel in order to build a home. This one-acre ordinance originated as a way to ensure the safety of well and septic systems, and has served as a mechanism to preserve the spacing between houses for which the Village is famous. Thus, the mature trees, long distances between houses, and frequent large street setbacks make it often difficult, if not impossible, to see homes from the street; and in addition, space, trees, or at most a post-and-rail fence is what separates neighbors. Ditches take the place of sidewalks and storm sewers in the Village, helping to replenish aquifers and further contributing to its distinctive character and pastoral setting.

The Village of Palos Park is primarily a bedroom community; with 87.1% of the residents white collar workers, and 12.9% of the residents are considered to be blue collar workers. Over 52.0% of the employed residents are managers, professionals, and related occupations. In addition, a majority of its employed residents commute into work, averaging 25 minutes of travel, with most presumably going into Chicago. Their commute traditionally has been by Interstate 55, affectionately known as the Stevenson Expressway. However, increasingly commuters are ditching the traffic and instead taking advantage of the increased parking and Metra train departures at the Village's rail station. The Village prides itself on the high quality of its residential living and has historically been among the top Chicago area communities in per capita income.

Palos Park is a great place to work, live, and raise a family. The Village of Palos Park is dedicated to constantly improving the delivery of its services; thereby, enhancing the quality of life for its residents and the operating environment for its businesses. Although primarily a residential community, the Village of Palos Park does have three small areas of commercial development. The northeast corner of 131st Street and LaGrange Road supports many individual businesses, while the northwest corner is the home of the Shoppes of Mill Creek, Mill Creek Center, and a gas station. Several retail stores and office buildings are in the area around Southwest Highway and Route 83. Finally, establishments are located along 123rd Street,

primarily between 80th Avenue and 86th Avenue. There is limited industrial property in the Village.

The largest employer in the community is the Shoppes of Mill Creek's Jewel Osco store. Immediately adjacent to the Village at 123rd Street and 80th Avenue is Palos Community Hospital (in Palos Heights) and serves as another major employer in the area. Also immediately adjacent to the Village at 131st Street and LaGrange Road (in Orland Park) lays the recently expanded Carl Sandburg High School (High School District 230).

The Village is governed by the Commission form of government consisting of a Mayor and four Commissioners elected at large for four year concurrent terms. Elected Commissioners are the legal department heads in the areas of Public Affairs (Mayor, by statute), Accounts and Finances, Public Health and Safety, Public Property and Building, and Streets and Public Improvements. The Village Clerk is also elected at large. The Village Council appoints, among others, the Village Manager, Village Attorney, and the Village Treasurer.

The Village of Palos Park provides a wide range of services. Those services include police protection, maintenance of streets and infrastructure, water and sewer service, branch chipping, planning and zoning, code enforcement, recreational services and events, and financial and general administrative services.

The annual budget is the primary guiding document for the Village's financial planning and control; however, the spending limit is legally authorized by the Village's annual appropriations ordinance. The annual appropriation is typically 150% of each budget line item in order to account for emergency or contingent spending, but the annual budget is the working spending plan. In addition, the Village maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Village's governing body. Activities of the General Fund, Special Revenue Funds, Capital Projects Funds, Enterprise Funds, and Police Pension Fund are included in the annual budget. The level of budgetary control is established at the individual fund level.

OVERVIEW OF THE LOCAL ECONOMY AND FINANCES

The Mayor, the Commissioners, and Village staff are intent on maintaining the Village's strong financial condition, while continuing to provide the highest level of public services to its residents. The Village's financial position, as reflected in the financial statements presented in this report, is perhaps best understood when its considered from the broader perspective of the environment within which the Village operates.

The economy locally, as well as at the county, state, and national level, is still in a weak recovery with growth projected to be only 2% for the year. In fiscal year 2012, the Village continued to face major financial challenges, with negative impacts to many of our tax collections. The Village continued its fiscally conservative practice in its budget goals as a result of the continued economic downturn and decreasing revenue trends. Department Directors aimed to establish a fund balance surplus, while conservatively estimating revenues and expenditures in the budget for the fiscal year. As with much of the state and county, the Village is experiencing the

challenge of providing new and improved services to residents while facing expanded federal and state mandates in a declining revenue environment.

Several major revenue sources declined as a result of the economy. Fortunately, the Village's conservative budgeting, maintenance of fund balance reserves, along with a strategic planning process enable the Village to end the fiscal year with adequate reserves intact. General Fund revenues increased overall by 1.75% in FY12 to \$4,397,540. In addition, fees by agreement increased by 1.34%, sales tax increased by 2.02%, and state income tax increased by 7.60%; however, revenue from property taxes collections decreased by 2.11%, and utility taxes decreased by 2.23% as compared to the prior fiscal year.

General Fund operating expenditures increased slightly in FY12 by \$62,936 to a total of \$4,231,621 as compared to FY11. This 1.51% increase in expenditures was due to increases in Public Works, Building and Public Grounds, Culture and Recreation, and Solid Waste expenditures in the fiscal year. Reductions in General Government, Public Safety, and Interest expenditures helped reducing spending which produced a surplus and an increase in reserves in the General Fund.

The ½% Sales Tax Fund had non-home rule sales tax revenues totaling \$181,370 that allowed for the funding of \$251,001 in Public Building and Grounds improvements. A fund balance of \$256,825 still remains in the fund for contingency and future infrastructure improvements.

For a broader view of the recent trends in revenues, expenditures, and net assets, see the Management Discussion and Analysis section.

LONG-TERM FINANCIAL PLANNING

The Village uses a number of processes and planning documents to accomplish its financial planning. As discussed above, the Village adopts an annual budget. A five-year financial plan is prepared that contains projections for revenues and expenses. The Five Year Long Range Plan is used to aid in future policy decision. With economic growth still in weak recovery, it is important that the Village Council continue to address long-term revenue policies and strategies. The goal is to maintain reserves in the General Fund while still providing a high level of services to its residents and businesses.

As of April 30, 2012, Palos Park held an unreserved, unassigned fund balance equal to 31.33% of FY12 Budgeted Expenditures. Village policy is to maintain at least 25% of unreserved fund balance, with a goal of 40%. Several tools are utilized for long-term financial planning, including five-year budget projections, and a five-year capital improvement plan for equipment and infrastructure. In addition, the Comprehensive Plan and the Strategic Plan detail priorities in the long and short runs, respectively, keeping financial expenditures focused.

Future commercial development, where appropriate, is crucial to the Village for sustainability and service to its residents. By the end of FY10, the Village Council completed a Commercial Areas Master Plan which was incorporated into the Village's Comprehensive Plan. The need to increase revenues and the desire to have better mixed-use areas motivated an analysis of every piece of property in Palos Park to assess which properties might be appropriate candidates for

change in zoning in the future, given area growth and owner input. The Commercial Areas Master Plan identified 25 locations for consideration. As other areas are annexed, the number of commercial locations could increase. Strongly connected with this Commercial Areas Master Plan was consideration of zoning code amendments for commercial development. A Commercial Planned Unit Development zoning category is currently under consideration by the Planning Commission for recommendation to the Village Council. The next step in the long range planning process would be to amend the Village's Comprehensive Plan to incorporate the commercial property zoning designations and goals for development standards that would safeguard the character of the Village. The entire Commercial Areas Master Plan is available on the Village's website (www.palospark.org).

The Village has been annually updating a five-year budget as a means of identifying increases in expenditure levels for subsequent years. The five-year budget uses a five year financial forecast estimating annual revenues and annual expenditures for long term planning. Trends in revenue sources and expenditures will be identified and reviewed so quality assumptions may be made for the future fiscal health of the Village. This information will be utilized in creating a roadmap for Village operations, future capital improvement projects, and creating a financing plan for the Village's future.

MAJOR INITIATIVE FOR THE YEAR AND FOR THE FUTURE

All major improvements have been delayed another year due to the economy and current year budget concerns in the General Fund. Each year during the budget process, the Village Department Directors prepares their departments' goals and designated projects for the coming fiscal year. These goals and projects are detailed below by department.

ADMINISTRATION DEPARTMENT Goals and Projects FY 2012

A. PERSONNEL

- Develop a Village wide performance appraisal system.
- Continue identifying professional development for staff.
- Work with Chief Miller on a Sergeant promotion and a patrol officer hire.
- Look for reorganization opportunities within certain departments.
- Finish job description binder.
- Put a personal action type form in place.

B. COMMUNICATIONS

- Implement new e-mail program – Outlook Exchange.
- Work on a new revamped website.
- Develop a logo design for use by community.
- Keep business and resident communities near LaGrange Road advised of impending construction.
- Continue to improve communications and positive relationships with surrounding municipalities.
- Continue weekly Department Director meetings.

- Improve communications with residents through newsletter, website, and other means.
- Encourage departments to continue working together for the good of all.
- Work with different groups and organizations in the community.

C. ANNEXATIONS

- Finalize annexations west of Village.
- Continue planning utility services to new territory.
- Continue to encourage annexation of Com Ed lines to the west.
- Discuss annexation of Hidden Acre's - 8400 West and North 131st Street (Don Jeanes's Subdivision).
- Complete Standard Bank annexation.

D. LEGAL

- Begin administrative adjudication process.
- Bring resolution to 9850 Wild Cherry Lane demolition suit.
- Resolve Smetek Driveway Permit and Drainage Issue.
- Giannakopoulos / Adams lawsuit.

E. PUBLIC PROPERTY

- Work with a new 39 year lease with McCord NFP.
- Negotiate new vendor lease at Metra Station.
- Install Security camera at Metra Station or on tower by Kaptur Center.
- Review the potential to hire mechanical/building engineer to manage Village Buildings, *i.e.*: Kaptur, Recreation, and Village Garage.
- Plan and implement improvements for five acre park at Holy Family.
- Continue planning for Cal Sag Trail and trailhead.
- Plan maintenance improvements at Kaptur Center.

F. PROCEDURAL / OPERATIONS

- Improve the retrieval process of Village records.
- Begin document management through GIS.
- Transfer Plan Commission and Zoning Board of Appeals Secretary's responsibility to Building Department.
- Quantify and analyze operations by department.

G. PUBLIC WORKS / INFRASTRUCTURE

- Plan landscaping and other improvements with the LaGrange Road widening project.
- Signalize intersection of Creek Road and LaGrange Road.
- Continue negotiations for new water contract with Oak Lawn and/or Palos Heights.
- Continue to promote bike and trail plans in Village of Palos Park.
- Negotiate new 25 year Easement Agreement with MWRD Storm Water Outfall into the Cal Sag Channel, from Edelweiss in the Park.

H. ECONOMIC DEVELOPMENT

- Feature businesses on website.
- Create a better economic development portion of website.
- Continue support of businesses through Palos Area Chamber and Business Association meetings.
- Continue economic development efforts with ICSC.
- Outreach to businesses, better communications.
- Consider development on No Cash Bid Parcels, Schroeder Property, re-development around Metra Station and along LaGrange Road.

I. FINANCE

- Consider Storm Water Management Fee.
- Adhere to Budget lines within budget.
- Verify new census figure and post under ‘demographics’ on website.
- Contain legal fees.
- Document costs of Special Events.

J. INSURANCE / LIABILITY

- Manager is the delegate to IRMA.
- Finance Director is the alternate delegate to IRMA.
- Continue compliance with all IRMA programs, i.e. risk assessments, IMAP, and Safety Compliance.
- Work with broker to finalize annual health care package for employees.
- Work Comp Claims Management.

BUILDING DEPARTMENT

Goals and Projects FY 2012

- Use Comprehensive Plan as a guide for all zoning, subdivision, annexation, and other development issues and budget and capital improvement issues.
- Assist committee to complete Village Bike and Pedestrian Trails, Cal-Sag Trail and adopt as amendment to Comprehensive Plan.
- Increase education campaign with department forms, newsletter articles, and contact procedures to decrease need for stop work orders and citations.
- Annex ComEd right-of-way, process other annexation petitions for Council review.
- Coordinate the Holy Family Park development funded by the IDCEO grant.
- Assist Tree Body in preparing the Tree Spec Manual and amendments to public tree code.
- Amend private tree standards.

- Change name to Community Development.
- Set up new procedures for local adjudication.
- Cross training of staff for the administrative duties of the Building Department.
- Improvements to the MSI software to make the day to day operations of issuing permits effective.
- Review and analyze current zoning and building codes for potential changes.
- Revise current codes for the tree protection ordinance and the possibility for new tree preservation ordinances.
- Revise the grading and drainage section of the code to address top of foundation relative to neighboring properties.
- Analyze building permit fees and fine schedules.
- Update zoning map and standards, building standards, and tree standards.
- Review permit expiration dates to extend dates for houses larger than 5,000 square feet.
- Impose higher fines for violation of Village building codes and policies.
- Review the possibility for residential fire sprinkler systems for houses of 5,000 square feet or larger.
- Finish installing the AutoCAD/GIS software to provide limited in house mapping capabilities. This would devote departmental resources to help better the information provided to the residents.

***FINANCE DEPARTMENT
Goals and Projects FY 2012***

- Receive the GFOA's Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report (CAFR) for FY2011.
- Prepare document for GFOA's Distinguished Budget Presentation Award for Fiscal Year 2013.
- Institute a program in which each department head works with his or her commissioner to define goals for the upcoming fiscal year and then present the report to the full Council.

- Institute a program in which each department head takes the previous year's goals and describes what was or was not accomplished on each item. Other accomplishments not on the previous year's goals would be added.
- Increase information in monthly Treasurer's Report and monthly financial cash position report.
- Revamp the utility billing procedure and possibly the utility billing section of the Village Code to increase both efficiency and collections, with the longer-term goal of having the utility billing section of the Finance Department fund itself.
- Create a process for tracking sales receipts of businesses in sales tax rebate agreements and bring the accounts payable in these accounts current.
- Research all closed Special Assessments that still have positive fund balances to see if there were any receipts that were not properly attributed to that fund in an effort to reduce the fund balance and bring the monies into the General Fund, Sewer Fund, or Water Fund.
- Examine inconsistencies between the personnel manual and the Village Code with respect to work week hours, overtime, and comp time. Work with the Village Administrator to make a recommendation to the Village Council to update these documents to both resolve these differences and to reflect current trends.
- Make a new timesheet spreadsheet for all employees to enable more accurate and uniform recording of hours worked and to reduce internal payroll processing time.
- Create a new comp time tracking spreadsheet for full-time exempt employees to more accurately track hours that may roll off due to the 35 hour or 90 day maximums.
- Continue to receive an unqualified audit opinion and minimal management letter comments.

***POLICE DEPARTMENT
Goals and Projects FY 2012***

In FY 11-12 we will continue working within a framework of limited funding, but we are still committed to a "Green Police Department" and are always exploring options to that end. We are currently using E Reports (Police reports completed electronically), E Alerts (electronic e mail alerts to our community) Active, E Accident reports (Electronic transmission of reports to insurance companies), CodeRed Weather Notice System (Automated phone notification system) Active, and Project Shield with Cook County EMA (Wireless video system for patrol units.) As we grapple with deficits and an economy that is sluggish and slow to rebound we set forth goals that are fiscally sound, frugal, and fundamental.

- At every turn optimize and utilize allocated asset forfeiture funds for departmental initiatives.

- Build on our strong commitment to risk management and mitigation through proactive risk assessment and elimination whenever possible. Our ongoing initiatives with IRMA and NEMRT on risk exposure reduction and safety awareness, as well as on-going staff professional development and hazard recognition, detection and mitigation.
- Continue on a path of seeking funding resources which are external of the organization, private foundations, parties, Department of Justice grants, Illinois Criminal Justice Authority grants, and local legislature funding opportunities.
- Build through grant funding the foundation of a wireless environment with cameras and technology helping us work smarter. Project Shield cameras are part of our state of the art wireless video system in our station and patrol units. This is a Homeland Security initiative.
- Local Adjudication for all Village of Palos Park Police Department Code, Ordinance and allowable Illinois Vehicle code violations heard in a local setting by a Local Adjudication Hearing officer.
- Institute within statutes an Administrative Tow fee structure in conjunction with local adjudication hearings.
- Integration of the SWCD and CAPERS reporting data into a GIS system database.
- A Community Service officer position (College student) in the future to free patrol staff to focus on patrol, enforcement and prevention.
- Maintaining financial viability through shared sacrifices unilaterally within the organization.

PUBLIC WORKS DEPARTMENT

Goals and Projects FY 2012

Fund 01 - 24 – Public Works

- Begin a long-term capital improvement program for repair and replacement of Village streets.
- Begin planning for and implementing a sign replacement program to meet new state mandated requirements.
- Purchase tree inventory and management software to complete a stem by stem tree inventory of trees in the Village.
- Update action plan for emerald ash borer in infected ash trees in the Village.
- Work with Tree Body to complete tree specifications manual.
- Restore program to plant trees and shrubs on Village property, ROW, and easements.
- Develop storm water improvement priority for Village and develop long-term plan for improvements.
- Upgrade mini excavator to a model with more power, excavating depth, and versatility.
- Continue training to improve health and safety of staff and improve work environment.
- Continue training for professional development of staff.

Fund 01 - 27 – Public Grounds/Public Buildings

- Seal parking lot at Recreation Department building.
- Add playground mulch to comply with safety standards.
- Repair or replace block retaining wall along 123rd Street sidewalk.
- Continue to maintain and repair public grounds and buildings.
- Explore the possibility of connecting the Public Works garage to sanitary sewer and water lines.

Fund 23 – ½ % Sales Tax

- Complete scheduled drainage projects.
- Use fund surplus along with MFT funds for Full Depth Recycling project to replace Village streets in poor condition for patching and resurfacing.
- Purchase equipment necessary for Village Public Works staff to do hot mix patching and pavement replacement on Village Streets.
- Village share of cost for construction and construction engineering for 80th Avenue sidewalk project.
- Purchase equipment and tools necessary for street repairs and drainage projects.

Fund 24 – Motor Fuel Tax

- Continue to maximize annual MFT repaving projects.
- Use a portion of MFT funds along with ½% Sales Tax Fund for Full Depth Recycling Project.
- Provide stone for shoulder to prolong the life of existing and newly paved Village streets and reduce patching costs.
- Purchase of salt and Therma Point to provide snow and ice control.
- Purchase hot mix and cold mix bituminous materials for street patching.

Fund 51 – Sewer Fund

- Continue to monitor sewer system to locate infiltration issues and implement long-term plan for repair or elimination to stay ahead of any new limitations proposed by IEPA.
- Continue to maintain and update information to GIS System including linking videos of televised sewers.
- Work to find permanent solutions to continual problems with sewage lift stations including retrofitting existing pumps to be more efficient and handle larger solids, pump replacement, and trash collection systems.
- Continue to monitor on-site sanitary systems in conjunction with IEPA regulations.
- Continue training Public Works staff to increase our ability to complete repairs in-house and introduce them to new innovations in the sanitary field.
- Improve Health and Safety within division in accordance with IRMA.

Fund 52 – Water Fund

- Maintain and improve capability of Village water distribution system.
- Continue to maintain and update information to GIS system.
- Continue to replace older customer water meters as they approach 20-year mark.
- Continue to replace MIU reading devices and to upgrade MXU reading devices.
- Continue Fire Hydrant maintenance program.

- Hire a consultant to complete a water distribution study to find any weak points we may have in our existing system and to investigate the capability of our system to handle future expansion.
- Utilize the information provided in the water distribution study to plan for long-term improvements to our system and provide date for the next water rate study.
- Utilize the information provided in the water distribution study to engineer and plan for possible expansion.
- Continue to utilize Public Works staff to complete needed repairs when possible.
- Continue training Public Works staff to increase our capability to complete repairs in house and to introduce new innovations in the water related field.
- Upgrade computer hardware and printer used for utility billing.
- Upgrade Utility Supervisor's computer.

RECREATION DEPARTMENT

Goals and Projects FY 2012

A. ADMINISTRATION

- Evaluate and find cost savings in the Recreation Department budget.
- Improve customer satisfaction rating on facility evaluations.
- Create and implement playground inspection policy and forms.
- Review, revise, and implement policies and procedures manual.
- Update instructor records and background checks.
- Set employee meetings and training schedule.

B. PROGRAMMING

- Reevaluation of current programs being offered.
- Improve registration numbers for programs.
- Offer new programs for early childhood, youth, and adult.
- Continue improving marketing of programs through regular e-courier distribution through District 118 schools, more press releases in newspapers, email blasts to customers in software, and listings on *triblocal.com*.
- Implement birthday party packages to increase rentals.
- Create and implement a successful adult sport league.

C. MAINTENANCE

- Continue to improve condition of facility with regular weekly cleaning, cleaning of office carpets and tile, and paint stairwells and south entry areas.
- Continue improving condition of some equipment through updating an inventory list, and budgeting for purchase of replacement equipment.
- Coordinate details of building a storage shed with Public Works and Building Department.
- Remodeling of the old council room and multi-purpose room.

RELEVANT FINANCE POLICIES

The Village Council has in place several key written financial policies including a fund balance policy, capitalization policy, investment policy, purchasing policy, capital equipment fund, and a finance and facilities plan. The General Fund policy for fund balance is currently 25% of expenditures reported in the most recent CAFR. Further, we retain a debt service reserve policy to assure adequate cash is on hand for annual governmental debt service payments, which are funded by property taxes. While the revenue from property tax is reliable, the billing schedule, particularly the second installment, has been erratic in recent years. The Village's financial statements reflect the implementation of GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

The Village continues to monitor the economic climate and its impact on the Village's finances and financial position. Since 2010, the Village has issued quarterly reviews to assure that revenue and expenditures, particularly in the General Fund, are in line with expectations. There are continued financial concerns for this fiscal year; as well as, for the future of the Village of Palos Park.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Palos Park for its comprehensive annual financial report for the fiscal year ended April 30, 2011. This was the 13th 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 Comprehensive Annual Financial Report, like the one you are currently reading. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial report was made possible by the diligent efforts and dedicated services of Suzanne Graal and Donna Mateja, the Finance Department staff of the Village of Palos Park. They have our deepest and sincere appreciation for their contributions made in the preparation of this report.

We would also like to thank and extend our appreciation to the Administration Department and the Village's Department Directors. Public Works Director Michael Sibrava, Community Development Director Steve Manning, and Police Chief Joe Miller; all have been instrumental in the planning and implementation of this project. In addition, we would also like to thank the Mayor and Commissioners for their support in maintaining the highest standard of professionalism in the management of the Village's finances.

We would also like to express our appreciation to the personnel at Wolf and Company LLP who performed the examination in an effective and cooperative manner.

Respectfully Submitted,

VILLAGE OF PALOS PARK

A handwritten signature in blue ink that reads "Barbara Maziarek". The signature is fluid and cursive, with a large initial 'B'.

Barbara Maziarek
Finance Director and Treasurer

A handwritten signature in blue ink that reads "Richard B. Boehm". The signature is cursive and includes a horizontal line underneath the name.

Richard B. Boehm
Village Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Palos Park
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
April 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

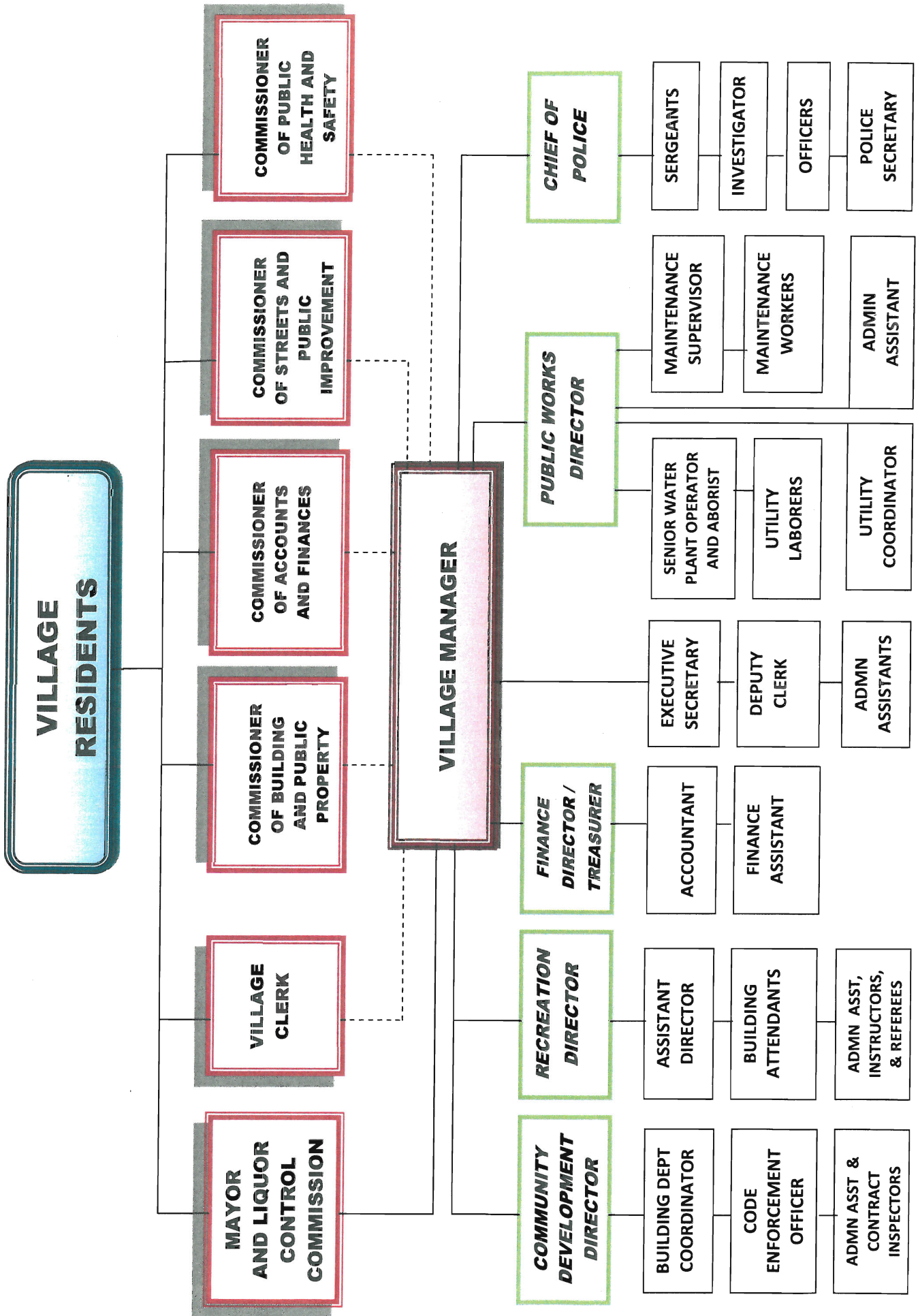


Linda C. Dandison

President

Jeffrey R. Egan

Executive Director



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

Village of Palos Park, Illinois
Palos Park, Illinois

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the Village of Palos Park, Illinois, (Village), as of and for the year ended April 30, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Village of Palos Park, Illinois. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Palos Park, Illinois, as of April 30, 2012, 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.

As further discussed in Note 1.K., the accompanying financial statements reflect certain changes in the reporting of fund balance classifications for governmental funds due to the implementation of Governmental Accounting Standards Board Statement No. 54.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 through 16), budgetary comparison information, and pension and other benefit related information (pages 56 through 59) 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 the 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 of Palos Park, Illinois' basic financial statements. The introductory section, combining and individual fund financial statements and schedules, supplemental information and statistical section, as listed in the table of contents, 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 supplemental 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 other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Wolf & Company LLP

Oakbrook Terrace, Illinois
October 29, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF PALOS PARK, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2012

The Village of Palos Park's Management Discussion and Analysis (MD&A) is designed to assist the reader in focusing on significant financial issues, and provide an overview of the Village's financial activity. In addition, it also helps to identify the following: 1) changes in the financial position; 2) material deviations from the financial plan; and 3) individual fund issues or concerns. This section of the Village of Palos Park's Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the Village's financial activities during the fiscal year ending April 30, 2012. The MD&A is designed to focus on the current year's activities; and should be read in conjunction with the Transmittal Letter at the front of this report, and the Village's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- **Net asset position and performance in total** – The Village's total net assets at fiscal year-end were \$28,744,762, a decrease of \$134,491 during the year.
- **Governmental activity summary** – Net assets for governmental activities increased by \$244,921 during the year.
- **Business-type activity summary** – Net assets for business-type activities decreased by \$379,412 during the year.
- **General Fund summary** – The Village's General Fund reported an increase of \$215,780 in fund balance for the year.
- **Budget vs. Actual** – The Village's actual revenues for governmental funds were more than budgeted revenues by \$86,335 while the actual expenditures were less than the total budgeted expenditures by \$34,275.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village of Palos Park's financial section of the CAFR. The financial section of the CAFR includes four components: 1) management's discussion and analysis; 2) the basic financial statements; 3) required supplementary information; and, 4) additional supplementary information. The basic financial statements include two kinds of statements that present different views of the Village: government-wide financial statements and fund financial statements. The basic financial statements also include notes to the financial statements.

Government-wide financial statements provide both short and long-term information about the Village's overall financial status. Fund financial statements focus on individual parts of the Village government, reporting Village operations in more detail than the government-wide financial statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by the required supplementary information section that further explains and supports the information in the financial statements.

In addition to all of the required financial statement elements, we have provided sections for combining statements to provide detail on nonmajor funds, for additional supplementary information, and for statistical information.

The following table summarizes the major features of the Village’s financial statements.

| DESCRIPTION | FUND STATEMENTS | | | |
|-----------------------------------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| | GOVERNMENT-WIDE STATEMENTS | GOVERNMENTAL FUNDS | PROPRIETARY FUNDS | FIDUCIARY FUNDS |
| Scope | Entire Village government (except fiduciary funds) and the Village’s component unit. | Activities of the Village that are not proprietary or fiduciary; such as, public safety. | Activities the Village operates similar to private business; such as, the water and sewer systems. | Activities in which the Village is trustee or agent of another’s resources; such as pension plans. |
| Required financial statements | -Statement of Net Assets -Statement of Activities | -Balance Sheet -Statement of Revenues, Expenditures, and Changes in Fund Balances | -Statement of Net Assets -Statement of Revenues, Expenses, and Changes in Net Assets -Statement of Cash Flows | -Statement of Fiduciary Net Assets -Statement of Changes in Fiduciary Net Assets |
| Accounting basis | Accrual | Modified Accrual | Accrual | Accrual |
| Measurement focus | Economic resources | Current financial resources | Economic resources | Economic resources |
| Type of asset and liability information | All assets and liabilities; both financial and capital, short and long-term. | Assets expected to be used and liabilities that come due during the year or shortly thereafter; no capital assets. | All assets and liabilities; both financial and capital, short and long-term. | All assets and liabilities; both short and long-term. Does not currently contain capital assets. |
| Type of inflow and outflow information | All revenues and expenses during the year regardless of when cash is received or paid. | Revenues for which cash is received during the year or shortly thereafter; expenditures for goods or services that have been received and payment is due during the year or shortly thereafter. | All revenues and expenses during the year regardless of when cash is received or paid. | All revenues and expenses during the year regardless of when cash is received or paid. |

Government-Wide Statements

The government-wide financial statements are designed to emulate the corporate-like sector in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The focus of the Statement of Net Assets (the “Unrestricted Net Assets”) is designed to disclose bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates governmental fund’s 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 is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government’s general taxes and other resources. This is intended to summarize and simplify the user’s analysis of the cost of various governmental services and/or subsidy to various business-type activities.

The governmental activities reflect the Village’s basic services, including administration, financial services, police, recreation, public works, and zoning. Property taxes, local utility taxes, telecommunications taxes, and shared state tax distributions finance the majority of these services. The business-type activities reflect private sector type operations, where the fee for service typically covers all or most of the cost of operation, including depreciation.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus of these fund financial statements is on Major Funds, rather than fund types.

Governmental Funds are presented on a sources and uses of liquid resources basis. This is the manner in which the budget is typically developed. Governmental Funds provide a current resources (short-term) view that helps determine whether there are more or fewer current financial resources available to spend for Village operations.

Proprietary Funds account for services that are generally fully supported by user fees charged to customers. Proprietary Funds are presented on a total economic resources basis. Proprietary Fund statements, like government-wide statements, provide both short and long-term financial information.

Fiduciary Funds are presented for certain activities where the Village’s role is that of trustee or agent (i.e. Police Pension). While Fiduciary 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 financial statements.

While the Total column on the Business-Type Fund Financial Statements is the same as the Business-Type column on the Government-Wide Financial Statement, the Governmental Funds Total column requires reconciliation, because of the different measurement focus (current financial resources/modified accrual versus total economic resources/full accrual) which is reflected on the page following each statement. The flow of current financial resources will reflect bond proceeds, proceeds from sales of capital assets, and interfund transfers as other financing sources; as well as,

capital outlay expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column in the Government-Wide Financial Statements.

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure – streets, storm sewers, etc.) had not been reported nor depreciated in governmental financial statements. The Governmental Accounting Standards Board Statement No. 34 requires that these assets be valued and reported within the Governmental column of the Government-Wide Statements. Additionally, the government must elect to either: 1) depreciate these assets over their estimated useful life; or 2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach) which periodically (at least every third year) by category, measures, and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The Village has elected to depreciate assets over their useful life. If a project is considered maintenance – a recurring cost that does not extend the asset's original useful life or expand its capacity – the cost of the project will be expensed. An “overlay” of a street will be considered maintenance whereas a “rebuild” of a street will be capitalized.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

NET ASSETS

The following table reflects the condensed Statement of Net Assets:

**TABLE 1
STATEMENT OF NET ASSETS FOR FISCAL YEARS 2011 AND 2012
AS OF APRIL 30, 2012**

| | <i>Governmental Activities 2012</i> | <i>Governmental Activities 2011</i> | <i>Business- Type Activities 2012</i> | <i>Business- Type Activities 2011</i> | <i>Total Primary Government 2012</i> | <i>Total Primary Government 2011</i> |
|----------------------------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------------|---------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| <i>Assets:</i> | | | | | | |
| <i>Current and Other Assets</i> | \$ 3,905,324 | \$ 3,725,626 | \$ 2,506,319 | \$ 2,121,508 | \$ 6,411,643 | \$ 5,847,134 |
| <i>Capital Assets</i> | 4,868,718 | 5,024,636 | 22,563,644 | 23,469,691 | 27,432,362 | 28,494,327 |
| <i>Total Assets</i> | \$ 8,774,042 | \$ 8,750,262 | \$ 25,069,963 | \$ 25,591,199 | \$ 33,844,005 | \$ 34,341,461 |
| <i>Liabilities:</i> | | | | | | |
| <i>Other Liabilities</i> | \$ 1,032,359 | \$ 958,780 | \$ 121,499 | \$ 102,699 | \$ 1,153,858 | \$ 1,061,479 |
| <i>Long-Term Liabilities</i> | 1,468,894 | 1,763,614 | 2,476,491 | 2,637,115 | 3,945,385 | 4,400,729 |
| <i>Total Liabilities</i> | \$ 2,501,253 | \$ 2,722,394 | \$ 2,597,990 | \$ 2,739,814 | \$ 5,099,243 | \$ 5,462,208 |
| <i>Net Assets:</i> | | | | | | |
| <i>Invested in Capital Assets, Net of Related Debt</i> | \$ 3,585,298 | \$ 3,466,820 | \$ 20,116,269 | \$ 20,857,596 | \$ 23,701,567 | \$ 24,324,416 |
| <i>Restricted</i> | 1,202,700 | 841,928 | - | - | 1,202,700 | 841,928 |
| <i>Unrestricted</i> | 1,484,791 | 1,719,120 | 2,355,704 | 1,993,789 | 3,840,495 | 3,712,909 |
| <i>Total Net Assets</i> | \$ 6,272,789 | \$ 6,027,868 | \$ 22,471,973 | \$ 22,851,385 | \$ 28,744,762 | \$ 28,879,253 |

For more detailed information see the Statement of Net Assets.

Normal Impacts – Net Assets

There are six common (basic) types of transactions that will generally affect the comparability of the Statement of Net Assets summary presentation.

1. **Net Results Of Activities** – Impacts (increases/decreases) current assets and unrestricted net assets.
2. **Borrowing For Capital** – Increases current assets and long-term debt.

3. **Spending Borrowed Proceeds on New Capital** – Reduces current assets and increases capital assets. Also, an increase in invested in capital assets and an increase in related net debt will not change the invested in capital assets, net of related debt.
4. **Spending Of Non-borrowed Current Assets On New Capital** – (a) Reduces current assets and increases capital assets, and (b) reduces unrestricted net assets and increases invested in capital assets, net of debt.
5. **Principal Payment On Debt** – (a) Reduces current assets and reduces long-term debt, and (b) reduces unrestricted net assets and increases invested in capital assets, net of related debt.
6. **Reduction Of Capital Assets Through Depreciation** – Reduces capital assets and invested in capital assets, net of related debt.

Current Year Impacts – Net Assets

The Village's combined net assets decreased from \$28,879,253 to \$28,744,762 with a decrease in net assets of \$134,491; while business-type net assets decreased \$379,412. Net assets of the Village's governmental activities increased \$244,921 during the year and ended the year at \$6,272,789. The Village's unrestricted net assets for governmental activities, the part of net assets that can be used to finance daily operations, decreased \$234,329 over last year to \$1,484,791.

The net assets of business-type activities decreased \$379,412 during the year and ended the year at \$22,471,973. Unrestricted net assets, available to finance the continuing operation of its business-type activities, were \$2,355,704. Business-type activities include water, sewer, and commuter parking lot services. The annual operating cost of these services for FY12 was \$2,624,210.

Major capital activity during the year included the street resurfacing program using Motor Fuel Tax Fund proceeds, and seven drainage improvement projects paid for from the ½% Sales Tax Fund. Two new squad cars were purchased from the Police Asset Forfeiture Fund.

The Village continued to make payments on the debt service for the Sluis Residential Property, Kaptur Administrative Center, and one installment loan for computer equipment, and a brush chipper; as well as, two General Obligation Alternate Revenue Water and Sewer Bonds.

CHANGES IN NET ASSETS

The following table reflects the condensed Statement of Changes in Net Assets.

TABLE 2
CHANGES IN NET ASSETS FOR FISCAL YEARS 2011 AND 2012
FOR THE FISCAL YEAR ENDED APRIL 30, 2012

| | <i>Governmental Activities 2012</i> | <i>Governmental Activities 2011</i> | <i>Business- Type Activities 2012</i> | <i>Business- Type Activities 2011</i> | <i>Total Primary Government 2012</i> | <i>Total Primary Government 2011</i> |
|-----------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------------|---------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| REVENUES | | | | | | |
| <i>Program Revenues:</i> | | | | | | |
| <i>Charges for</i> | | | | | | |
| <i>Services</i> | \$ 1,268,896 | \$ 2,016,652 | \$ 2,242,321 | \$ 2,250,995 | \$ 3,511,217 | \$ 4,267,647 |
| <i>Operating Grants</i> | 274,280 | 154,832 | - | 2,358 | 274,280 | 157,190 |
| <i>General Revenues:</i> | | | | | | |
| <i>Property Taxes</i> | 1,206,448 | 1,232,400 | - | - | 1,206,448 | 1,232,400 |
| <i>Sales Taxes</i> | 855,009 | 836,166 | - | - | 855,009 | 836,166 |
| <i>Utility Taxes</i> | 535,051 | 547,238 | - | - | 535,051 | 547,238 |
| <i>Income Taxes</i> | 393,386 | 365,586 | - | - | 393,386 | 365,586 |
| <i>Other</i> | 243,637 | 239,702 | - | - | 243,637 | 239,702 |
| <i>Investment Income</i> | 14,298 | 13,018 | 6,587 | 7,516 | 20,885 | 20,534 |
| <i>Gain on Sale of</i> | | | | | | |
| <i>Capital Assets</i> | 3,971 | - | - | - | 3,971 | - |
| <i>Other</i> | 143,925 | 20,233 | (4,110) | - | 139,815 | 20,233 |
| Total Revenues | 4,938,901 | 5,425,827 | 2,244,798 | 2,260,869 | 7,183,699 | 7,686,696 |
| EXPENSES | | | | | | |
| <i>General Government</i> | 711,048 | 675,072 | - | - | 711,048 | 675,072 |
| <i>Public Safety</i> | 1,930,667 | 1,861,070 | - | - | 1,930,667 | 1,861,070 |
| <i>Public Works</i> | 637,683 | 537,325 | - | - | 637,683 | 537,325 |
| <i>Building and Public</i> | | | | | | |
| <i>Grounds</i> | 782,039 | 568,127 | - | - | 782,039 | 568,127 |
| <i>Culture and</i> | | | | | | |
| <i>Recreation</i> | 296,926 | 280,567 | - | - | 296,926 | 280,567 |
| <i>Solid Waste</i> | 286,300 | 276,741 | - | - | 286,300 | 276,741 |
| <i>Water</i> | - | - | 1,732,837 | 1,656,522 | 1,732,837 | 1,656,522 |
| <i>Sewer</i> | - | - | 821,286 | 817,699 | 821,286 | 817,699 |
| <i>Commuter Lot</i> | - | - | 70,087 | 76,703 | 70,087 | 76,703 |
| <i>Interest</i> | 49,317 | 55,392 | - | - | 49,317 | 55,392 |
| Total Expenses | 4,693,980 | 4,254,294 | 2,624,210 | 2,550,924 | 7,318,190 | 6,805,218 |
| Change in Net Assets | 244,921 | 1,171,533 | (379,412) | (290,055) | (134,491) | 881,478 |
| Beginning Net Assets | 6,027,868 | 4,856,335 | 22,851,385 | 23,141,440 | 28,879,253 | 27,997,775 |
| Ending Net Assets | \$ 6,272,789 | \$ 6,027,868 | \$ 22,471,973 | \$ 22,851,385 | \$ 28,744,762 | \$ 28,879,253 |

Normal Impacts -- Changes in Net Assets

Reflected below are nine common (basic) impacts on revenues and expenses.

Revenues

- **Economic Condition** – Reflects a declining, stable, or growing economic environment and has a substantial impact on state income, sales, telecommunications, and utility tax revenues; as well as, public spending habits for items, such as: building permits and elective user fees including volumes of usage.
- **Increase/Decrease In Village Approved Rates** – While certain tax rates are set by statute, the Village Council has authority to impose and periodically increase/decrease rates (water, sewer, building permit fees, vehicle stickers, etc.) The Village’s property taxes are subject to tax caps which generally limit Village increases to the lesser of Consumer Price Index (1.5% for the 2011 levy) or 5.0%; plus any growth gained through development or redevelopment.
- **Changing Patterns In Intergovernmental And Grant Revenue (both recurring and non-recurring)** – Certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (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 with an approach utilizing competitive pricing, laddered maturities up to one year for term investments, and diversity of investments. Market conditions may cause investment income to fluctuate more than would occur with more short-term composition.

Expenses

- **Changes In Programs** – Within the functional expense categories (General Government, Public Safety, Public Works, etc.) individual programs may be added, deleted, or expanded to meet changing community needs.
- **Changes In Authorized Personnel** – Changes in service demand may cause the Village Council to increase/decrease authorized staffing.
- **Salary Increases (annual adjustments and step increases)** – The ability to attract and retain human and intellectual resources requires the Village to strive to maintain a competitive salary range position in the marketplace.
- **Inflation** – Overall inflation declined (the CPI-U was 1.50%) at the end of FY12 compared to the end of FY11’s CPI-U of 2.70% - the decrease was attributable to a continued weak economy, but the CPI measures “average” inflation. Almost everyone will have either a higher or a lower inflation rate based upon his or her exact goods or services purchased. Sometimes these consumer specific inflation rates can be significantly different from the CPI. To get a better idea of how the specific inflation faced by local governments compares with the CPI, the Illinois Municipal League began constructing its own Illinois Municipality Price Index (MPI) in 1968. This MPI takes into account that municipalities, including the Village of Palos Park, are heavy consumers of services (such as engineers, lawyers, accountants, governmental wages, and health insurance) and energy dependent commodities (such as patrol vehicle fuel, asphalt, and

electricity). For most of the past 20 years, service costs have been rising more rapidly than most of the commodities found in the CPI, but recently a certain commodity, fuel, has risen rapidly. Both of these trends are not in municipalities' favor. Over a ten year period concluding at the end of calendar 2009 the CPI increased a cumulative 24.6 points or decreased 0.3%; while the MPI increased a whopping 40.3 points or 1.8%. These dramatic increases in costs, without a corresponding increase in revenues, have forced municipalities, including the Village of Palos Park, to make difficult choices in the past ten years.

- **Unfunded Mandates and Imposed Fees** – Over the years there have been many unfunded mandates and fee impositions that have hit municipalities without corresponding revenue increases. Some are from the federal government, such as mandated blood-borne pathogens kits and training. Some are from the state, such as: mandated video recording of confessions; racial profiling collection and capture of data; and 2003's imposition of NPDES fees. Some are from the county; such as, prisoner property processing containers. Finally, some are from other sources; such as, GASB's recommended new statistical section format at the conclusion of this document.

Current Year Impacts -- Changes in Net Assets

Governmental Activities

Revenue: Overall total revenues in FY12 decreased by a net amount of \$486,926. Revenues increased in all operating categories except for Charges for Services, Property Taxes, and Utility Taxes during the fiscal year. Revenues from governmental activities totaled \$4,938,901 (\$1,268,896 for Charges for Services; \$1,206,448 for Property Taxes; and \$2,463,557 for General Revenues). Charges for Services were one of the Village's largest sources of revenue at \$1,268,896, a decrease of 37.08% over FY11 due to a decrease in forfeitures received from the DEA of \$746,644. Sales tax revenue increased by 2.25% to \$855,009, or \$18,843 more than FY11. Utility taxes in FY12 decreased to \$535,051 but were still not as high as they were in FY06 that resulted in \$654,620 being received from that revenue source. Building Department contractor licenses, permits, inspection fees, and review fees increased to \$482,653 or 2.41%, due to the general investment activity in the maintenance of home improvements. State income taxes payments increased 7.60% to an annual total of \$393,386 while per capita increased to \$81.44 from \$77.90 in FY11. Continued State of Illinois financial problems contribute to decrease in income tax payments. Other revenue sources have experienced minor increases, again reflecting the continued slow down in the economy.

Expenses: Expenses for governmental activities totaled \$4,693,980, representing a 10.33% increase from the previous fiscal year. Some of the more notable increases in spending are as follows: Wages increased by 2.18% to \$1,958,089, while Benefits decreased 15.81% to \$685,752. Legal Fees increased 4.32% to \$131,358; Other Contractual Services increased 21.26% to \$876,183, Commodities increased 6.90% to \$252,757; and Insurance increased 14.25% to \$104,611 in this fiscal year. Modest increases in departmental expenses in Public Works, Public Grounds, Building, Recreation, and Solid Waste; while Administration, Public Affairs, Finance, and Public Safety Departments noted decreases in departmental expenditures during the fiscal year.

Business-Type Activities

Revenue: Revenue from business-type activities totaled \$2,244,798 (\$2,242,321 Charges for Services, and \$6,587 from Investment Income), representing a decrease of \$16,071 over the previous fiscal year. Operating Revenues in the Water Fund decreased only \$563 to \$1,670,509; while in the Sewer Fund the Operating Revenues decreased \$12,423 to \$485,395 in FY12. The Commuter Lot Fund Operating Revenues increased \$4,312 to \$86,417 in FY12. Fiscal Year 2012 saw the water and sewer rate adjustment for both water and sewer funds in the summer of 2011; however, usage is dependent on the weather, a warmer summer season increases water consumption.

Expenses: Expenses for business-type activities totaled \$2,624,210, a \$73,286 increase over the previous fiscal year. In the fiscal year, Personnel expenses increased by \$103,882; in addition, water purchases increased by 3.03% to \$374,905 because of increased fees for the purchase of water. Operating Expenses decreased in all the funds of the business-type activities in the fiscal year. The Commuter Lot Fund saw a full year of operation as the expenditures for utilities have stabilized. The Village continues to provide additional landscaping and plantings after taking control of the station from Metra.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

For the fiscal year ended April 30, 2012, the Governmental Funds reflect a combined fund balance of \$2,804,658, an increase of \$95,138, or 3.51%, over the prior fiscal year. Total revenues for the General Fund were more than the prior fiscal year by \$75,758 or 1.75% to \$4,397,540. Revenue increases were seen in Licenses, Intergovernmental, Charges for Services, Fees by Arrangement, and Investment Income. Operating Expenses increased in FY12 to \$4,231,621 or \$62,936 more than the prior fiscal year. General Government and Public Safety noted decreased expenses, while Public Works, Building and Public Grounds, Culture and Recreation, Solid Waste, and Debt Services noted increased departmental expenses for the fiscal year.

The General Fund ending fund balance at April 30, 2012 was \$1,399,953, an increase of \$215,780. A healthy General Fund balance ensures that the Village has sufficient reserves to cover any future revenue shortfalls or emergency spending; such as, the major flooding that occurred in 1996, when the Village utilized available fund balance to quickly replace several bridges that washed out. Additionally, a healthy fund balance is sufficient to allow for short-term cash flow aberrations like Cook County sending out property tax bills later than normal. At the close of the fiscal year, the unreserved, unassigned fund balance was equal to 31.33% of the budgeted expenditures for the fiscal year. While the Village would still considers its fund balance to be healthy; however, the recent trend, which does not differ from other municipalities in the state as the economic crisis continues, is worth keeping an eye on.

**TABLE 3
GENERAL FUND BUDGETARY HIGHLIGHTS**

| General Fund | FY12 Budget | FY12 Actual | FY11 Actual | FY10 Actual | FY09 Actual |
|-------------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <i>Revenues:</i> | | | | | |
| <i>Taxes</i> | \$ 1,972,245 | \$ 1,985,136 | \$ 3,045,245 | \$ 2,919,498 | \$ 2,944,505 |
| <i>Licenses & Permits</i> | 466,370 | 482,653 | 471,279 | 467,581 | 482,959 |
| <i>Intergovernmental</i> | 1,062,831 | 1,134,457 | 15,846 | 15,823 | 95,575 |
| <i>Other</i> | 809,759 | 795,294 | 789,412 | 737,543 | 785,585 |
| Total | 4,311,205 | 4,397,540 | 4,321,782 | 4,140,445 | 4,308,624 |
| <i>Expenditures:</i> | | | | | |
| <i>Current</i> | (3,993,146) | (3,958,495) | (3,900,708) | (3,990,964) | (4,092,084) |
| <i>Capital Outlay</i> | (900) | (1,021) | (855) | (855) | (54,267) |
| <i>Debt Service</i> | (271,850) | (272,105) | (267,122) | (272,502) | (296,305) |
| Total | (4,265,896) | (4,231,621) | (4,168,685) | (4,264,321) | (4,442,656) |
| <i>Other Financing Sources (Uses)</i> | | | | | |
| <i>Transfers In</i> | 90,000 | 90,000 | 90,000 | 71,276 | 13,700 |
| <i>Transfers Out</i> | (44,110) | (44,110) | (40,000) | (103,022) | (110,872) |
| <i>Issuance of Installment Notes</i> | - | - | - | 64,216 | 31,316 |
| <i>Proceeds from Sale of Assets</i> | - | 3,971 | - | 1,259 | 7,862 |
| Total Other Financing Sources (Uses) | 45,890 | 49,861 | 50,000 | 33,729 | (57,994) |
| Net Change in Fund Balance | \$ 91,199 | \$ 215,780 | \$ 203,097 | \$ (90,147) | \$ (192,026) |

Actual General Fund revenues were larger than originally budgeted revenues by \$86,335 for the fiscal year. General Fund expenditures were less than originally budgeted by \$34,275. The actual expenditures were less than the actual revenue by \$215,780. Notable differences between the budget and actual numbers for Revenues, Expenditures, and Other Financing Sources are explained below.

The revenue collections were conservatively budgeted in the fiscal year as a result of the continued slowing economy; however, Taxes, Licenses and Permits, and Intergovernmental revenue came in 2.88% higher than originally projected. Other income came in under budget in FY12. Decreased revenue in Fees by Agreement, and Fines & Forfeits classifications account for the reduction in the Other Income category.

General Fund expenditures were \$34,275 less than budgeted in the fiscal year. Tighter controls on spending and a decrease in departmental expenses as a result of the weak economy were expected, however, the general government, public works, building and public grounds, culture and recreation, and solid waste expenditures were under budget in the fiscal year. Public Safety noted increases for wages and legal fees in the fiscal year 2012.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of Fiscal Year 2012, the Village's Governmental activities had a total of capital assets, in the amount of \$4,868,718, invested in a broad range of capital assets including land, land improvements, buildings, vehicles, machinery and equipment, furniture and fixtures, streets, water mains, storm sewers, and sanitary sewer lines. For more detailed information on capital assets, refer to Notes to Financial Statements #5: *Capital Assets* in the basic financial statements.

**TABLE 4
NET CAPITAL ASSETS**

| | <i>Beginning Balance May 1, 2011</i> | <i>Additions/ Deletion</i> | <i>Ending Balance April 30, 2012</i> |
|---------------------------------------------------|----------------------------------------------|--------------------------------|----------------------------------------------|
| <i>Non-Depreciable Assets</i> | | | |
| <i>Land</i> | \$ 1,698,500 | \$ - | \$ 1,698,500 |
| <i>Depreciable Capital Assets</i> | | | |
| <i>Infrastructure</i> | 300,000 | - | 300,000 |
| <i>Buildings and Improvements</i> | 3,862,500 | - | 3,862,500 |
| <i>Equipment and Vehicles</i> | 848,543 | 25,668 | 874,211 |
| <i>Accumulated Depreciation on Capital Assets</i> | (1,684,907) | (181,586) | (1,866,493) |
| <i>Total Capital Assets</i> | <u>\$ 5,024,636</u> | <u>\$ (155,918)</u> | <u>\$ 4,868,718</u> |

As seen above, there was no new Construction-in-Progress or Construction-in-Progress retirements for the Governmental Funds in FY12. Only two new vehicles was purchased for Public Safety during fiscal year 2012.

Debt Outstanding

At year end, the Village of Palos Park had the following debt outstanding:

- In 2000, the Village issued a \$1,845,000 installment contract for the construction of the Kaptur Administrative Center. In January, 2010, the Village refunded this installment contract and issued \$1,055,000 Series 2011 refunding certificates, payable in annual installments until December, 2014. As of April 30, 2012, the balance was \$650,000.
- In 2002, the Village issued a \$300,000 installment contract for the purchase of the residence immediately adjacent to the Kaptur Administrative Center. As of April 30, 2012, the balance was \$120,000.
- In the fall of 2006, the Village issued a \$570,000 installment contract for the purchase of property for a future park. As of April 30, 2012, the balance was \$470,000.

- In August 2008, the Village issued an installment contract in the amount of \$31,316 for the purchase of a brush chipper. As of April 30, 2012, there is a \$9,113 balance on this contract.
- In November 2009, the Village entered into an installment purchase contract for the purchase of computers. As of April 30, 2012, there is a \$7,893 balance on this contract.
- In October, 2010 the Village entered into an installment purchase contract for the purchase of a dump truck. As of April 30, 2012, there is a \$26,884 balance on this contract.
- The Village's Water Fund has bonds payable to two special assessments (96-1A and 96-1B) for a public benefit portion of those special assessments. The principal balance as of April 30, 2012 was \$245,491.
- In FY05, the Village issued \$450,000 Series 2004 General Obligation Alternate Revenue Bonds for the extension of water and sewer along certain areas of LaGrange Road and the area of 131st Street and Wolf Road. In FY06, the Village issued \$450,000 Series 2005 General Obligation Alternate Revenue Bonds for the 94th Ave. / Rod Estates / Munch Subdivision. In both cases the property taxes on these bonds are to be abated annually and the bonds are repaid with water and sewer revenues. As of April 30, 2012, the combined principal balance remaining was \$545,000.
- In FY10, the Village issued \$1,750,000 Series 2010 General Obligation Alternative Revenue Bonds to finance the construction of an underground reservoir. The principal balance as of April 30, 2012 was \$1,630,000.

The Village is also the paying agent for several special assessment bonds. These bonds are an obligation of the associated special assessment district residents as enforceable liens and are not an obligation of the Village. Therefore, those debts are not a liability of the Village of Palos Park.

The Village's total legal general obligation debt limit is estimated at \$25,469,985. The Village's potential total general obligation debt of \$545,000 is well within the limit. See Notes to Financial Statements #6: *Long-Term Debt* for additional information regarding the long-term debt of the Village.

| |
|--------------------------------|
| <i>ECONOMIC FACTORS</i> |
|--------------------------------|

The Village's elected officials and department directors considered many factors when preparing the fiscal year's budget, adopting the property tax levy, and setting fees that will be charged for its governmental and business-type activities. The economic factors taken into account for fiscal year when those documents were prepared and/or considered are described below. These economic factors include housing, interest rates, deflation, credit/loan issues, the poor performance of the stock market, and the State of Illinois governmental fiscal crisis among others.

The Village's 2011 Tax Year Equalized Assessed Value (EAV) for property taxes payable in 2012 was \$241,134,954 as compared to the 2010 EAV of \$301,623,014. This is a 20.054% decrease in the Village's EAV, due to a reassessment of the tax rate multiplier at the Cook County assessor's office. However, property taxes within the Village's corporate limits continue to provide a stable revenue source.

The Village is dependent on several sources of intergovernmental, or shared state revenue sources, to finance general operations. Although the Village completed the fiscal year in a better position than anticipated, economic conditions continue to be weak. The Village has long established policies, special revenue funds, and other reserves to provide for its ability to continue operations should changes in the economy or its normal revenue streams occur. While the financial issues particularly associated with the State of Illinois are yet to be resolved, the Village may need to re-evaluate its operations, consider increasing other revenue sources, and/or reduce expenditures should there be significant or permanent changes in normal funding received through these sources in the future. The Village will monitor revenue and expenses throughout the fiscal year and will take action if a downturn in the economy occurs. The Village will continue to be proactive in responding to any unforeseen events to minimize the impact to the Village residents.

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. This report and others may be found on the Village's website: www.palospark.org Questions concerning this report or requests for additional financial information should be directed to **Barbara Maziarek**, Finance Director and Treasurer, Village of Palos Park, 8999 W. 123rd Street, Palos Park, Illinois 60464 or bmaziarek@palospark.org

BASIC FINANCIAL STATEMENTS

VILLAGE OF PALOS PARK, ILLINOIS

Statement of Net Assets

April 30, 2012

| | Primary Government | | | Component Unit |
|-------------------------------------------------------------------|-------------------------|--------------------------|-------------------|---------------------------|
| | Governmental Activities | Business-Type Activities | Total | Palos Park Public Library |
| Assets | | | | |
| Cash and Cash Equivalents | \$ 2,257,421 | 2,053,659 | 4,311,080 | 676,397 |
| Investments | 251,413 | 107,748 | 359,161 | |
| Receivables, Net of Allowance Where Applicable | | | | |
| Accounts | | 293,379 | 293,379 | |
| Property Taxes | 660,352 | | 660,352 | 216,683 |
| State Sales Tax | 212,238 | | 212,238 | |
| Grants | | | | 4,971 |
| Other | 359,918 | | 359,918 | |
| Motor Fuel Tax Allotments | 9,410 | | 9,410 | |
| Due from Component Unit | 5,763 | | 5,763 | |
| Prepaid Expenses | 63,632 | 14,736 | 78,368 | |
| Deferred Charges | 20,529 | 36,797 | 57,326 | |
| Net Pension Asset | 64,648 | | 64,648 | |
| Capital Assets Not Being Depreciated | 1,698,500 | 20,000 | 1,718,500 | 10,700 |
| Capital Assets Being Depreciated, Net of Accumulated Depreciation | 3,170,218 | 22,543,644 | 25,713,862 | 192,885 |
| Total Assets | 8,774,042 | 25,069,963 | 33,844,005 | 1,101,636 |
| Liabilities | | | | |
| Accounts Payable | 308,352 | 77,935 | 386,287 | |
| Wages Payable | 46,590 | 9,585 | 56,175 | 5,734 |
| Deposits Payable | 5,546 | | 5,546 | |
| Due to Primary Government | | | | 5,763 |
| Accrued Interest | 16,870 | 33,979 | 50,849 | |
| Unearned Revenue | 655,001 | | 655,001 | 213,630 |
| Long-Term Liabilities | | | | |
| Due Within One Year | 304,404 | 170,139 | 474,543 | 6,902 |
| Due in More Than One Year | 1,164,490 | 2,306,352 | 3,470,842 | |
| Total Liabilities | 2,501,253 | 2,597,990 | 5,099,243 | 232,029 |
| Net Assets | | | | |
| Invested in Capital Assets, Net of Related Debt | 3,585,298 | 20,116,269 | 23,701,567 | 203,585 |
| Restricted for | | | | |
| Capital Projects | 351,944 | | 351,944 | |
| Debt Service | 12,726 | | 12,726 | |
| Public Safety | 379,267 | | 379,267 | |
| Public Works | 458,763 | | 458,763 | |
| Unrestricted | 1,484,791 | 2,355,704 | 3,840,495 | 666,022 |
| Total Net Assets | \$ 6,272,789 | 22,471,973 | 28,744,762 | 869,607 |

(See accompanying Notes to the Financial Statements.)

VILLAGE OF PALOS PARK, ILLINOIS

Statement of Activities

Year Ended April 30, 2012

| Functions/Programs | Expenses | Program Revenues | | |
|---------------------------------|--------------|----------------------|------------------|----------------|
| | | Charges for Services | Operating Grants | Capital Grants |
| Governmental Activities | | | | |
| General Government | \$ 711,048 | 497,891 | | |
| Public Safety | 1,930,667 | 75,920 | 134,873 | |
| Public Works | 637,683 | 12,530 | 139,407 | |
| Building and Public Grounds | 782,039 | 210,579 | | |
| Culture and Recreation | 296,926 | 157,271 | | |
| Solid Waste | 286,300 | 314,705 | | |
| Interest | 49,317 | | | |
| Total Governmental Activities | 4,693,980 | 1,268,896 | 274,280 | - |
| Business-Type Activities | | | | |
| Water | 1,732,837 | 1,670,509 | | |
| Sewer | 821,286 | 485,395 | | |
| Commuter Lot | 70,087 | 86,417 | | |
| Total Business-Type Activities | 2,624,210 | 2,242,321 | - | - |
| Total Primary Government | \$ 7,318,190 | 3,511,217 | 274,280 | - |
| Component Unit | | | | |
| Palos Park Public Library | \$ 439,547 | 25,607 | 4,971 | |

General Revenues

Taxes

Property

Local Sales

Utility

Other

Intergovernmental

State Sales Tax

State Income Tax

Investment Income

Miscellaneous

Gain on Sale of Assets

Gain on Sale of Easements

Transfers In (Out)

Total General Revenues

Change in Net Assets

Net Assets

Beginning

Ending

(See accompanying Notes to the Financial Statements.)

| Net (Expense) Revenue and Changes in Net Assets | | | |
|-------------------------------------------------|-----------------------------|-------------|-------------------|
| Governmental Activities | Business-Type Activities | Total | Component Unit |
| (213,157) | | (213,157) | |
| (1,719,874) | | (1,719,874) | |
| (485,746) | | (485,746) | |
| (571,460) | | (571,460) | |
| (139,655) | | (139,655) | |
| 28,405 | | 28,405 | |
| (49,317) | | (49,317) | |
| (3,150,804) | - | (3,150,804) | - |
| | (62,328) | (62,328) | |
| | (335,891) | (335,891) | |
| | 16,330 | 16,330 | |
| - | (381,889) | (381,889) | - |
| (3,150,804) | (381,889) | (3,532,693) | - |
| | | | (408,969) |
| 1,206,448 | | 1,206,448 | 382,109 |
| 181,370 | | 181,370 | |
| 535,051 | | 535,051 | |
| 243,637 | | 243,637 | 5,033 |
| 673,639 | | 673,639 | |
| 393,386 | | 393,386 | |
| 14,298 | 6,587 | 20,885 | 15,764 |
| 29,815 | | 29,815 | 7,269 |
| 3,971 | | 3,971 | |
| 110,000 | | 110,000 | |
| 4,110 | (4,110) | | |
| 3,395,725 | 2,477 | 3,398,202 | 410,175 |
| 244,921 | (379,412) | (134,491) | 1,206 |
| 6,027,868 | 22,851,385 | 28,879,253 | 868,401 |
| 6,272,789 | 22,471,973 | 28,744,762 | 869,607 |

VILLAGE OF PALOS PARK, ILLINOIS

Balance Sheet - Governmental Funds

April 30, 2012

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|------------------------------------------------------------------------|---------------------|-----------------------------------|--------------------------------|
| Assets | | | |
| Cash and Cash Equivalents | \$ 904,165 | 1,353,256 | 2,257,421 |
| Investments | 251,413 | | 251,413 |
| Receivables (Net, Where Applicable of Allowance for Uncollectibles) | | | |
| Property Taxes | 660,352 | | 660,352 |
| State Sales Tax | 166,926 | 45,312 | 212,238 |
| Other | 359,918 | | 359,918 |
| Motor Fuel Tax Allotments | | 9,410 | 9,410 |
| Due from Component Unit | 5,763 | | 5,763 |
| Prepaid Items | 63,632 | | 63,632 |
| Total Assets | \$ 2,412,169 | 1,407,978 | 3,820,147 |
| Liabilities | | | |
| Accounts Payable | \$ 305,079 | 3,273 | 308,352 |
| Deposits Payable | 5,546 | | 5,546 |
| Wages Payable | 46,590 | | 46,590 |
| Deferred Revenue | 655,001 | | 655,001 |
| Total Liabilities | 1,012,216 | 3,273 | 1,015,489 |
| Fund Balances | | | |
| Nonspendable | | | |
| Prepaid Items | 63,632 | | 63,632 |
| Restricted | | | |
| Capital Projects | | 351,944 | 351,944 |
| Debt Service | | 12,726 | 12,726 |
| Public Safety | | 379,267 | 379,267 |
| Maintenance of Roadways | | 458,763 | 458,763 |
| Assigned | | | |
| Culture and Recreation | | 202,005 | 202,005 |
| Unassigned | 1,336,321 | | 1,336,321 |
| Total Fund Balances | 1,399,953 | 1,404,705 | 2,804,658 |
| Total Liabilities and Fund Balances | \$ 2,412,169 | 1,407,978 | 3,820,147 |

(See accompanying Notes to the Financial Statements.)

VILLAGE OF PALOS PARK, ILLINOIS

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets

April 30, 2012

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Total Fund Balances - Governmental Funds | \$ 2,804,658 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | 4,868,718 |
| Deferred charges is reported as an asset on the Statement of Net Assets. | 20,529 |
| The net pension asset for police pension funding is not a current financial resource and, therefore, is not reported in the governmental funds. | 64,648 |
| Accrued interest is not due and payable in the current period and, therefore, not reported in the governmental funds. | (16,870) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. | |
| Installment contracts | (1,283,890) |
| Net pension obligation | (10,981) |
| Unamortized premium and loss on refunding on long-term debt are reported as a liability in the Statement of Net Assets. | 470 |
| Compensated absences payable is not due and payable in the current period and, therefore, is not reported in governmental funds. | <u>(174,493)</u> |
| Net Assets of Governmental Activities | <u>\$ 6,272,789</u> |

(See accompanying Notes to the Financial Statements.)

VILLAGE OF PALOS PARK, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds

Year Ended April 30, 2012

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|------------------------------------------------------|------------------|-----------------------------------|--------------------------------|
| Revenues | | | |
| Property Taxes | \$ 1,206,448 | | 1,206,448 |
| Other Taxes | 778,688 | 181,370 | 960,058 |
| Licenses, Permits and Fees | 482,653 | | 482,653 |
| Intergovernmental | 1,134,457 | 208,187 | 1,342,644 |
| Charges for Services | 32,905 | 16,842 | 49,747 |
| Fees by Agreement | 660,796 | | 660,796 |
| Fines and Forfeits | 64,938 | 9,423 | 74,361 |
| Investment Income | 13,097 | 1,201 | 14,298 |
| Miscellaneous | 23,558 | 6,257 | 29,815 |
| Total Revenues | 4,397,540 | 423,280 | 4,820,820 |
| Expenditures | | | |
| Current | | | |
| General Government | 609,448 | | 609,448 |
| Public Safety | 1,811,942 | 57,226 | 1,869,168 |
| Public Works | 443,530 | 126,506 | 570,036 |
| Building and Public Grounds | 542,049 | 251,001 | 793,050 |
| Culture and Recreation | 265,226 | 23,511 | 288,737 |
| Solid Waste | 286,300 | | 286,300 |
| Capital Outlay | 1,021 | 99,718 | 100,739 |
| Debt Service | | | |
| Principal | 242,542 | 32,011 | 274,553 |
| Interest and Fiscal Charges | 29,563 | 22,169 | 51,732 |
| Total Expenditures | 4,231,621 | 612,142 | 4,843,763 |
| Excess (Deficiency) of Revenues over Expenditures | 165,919 | (188,862) | (22,943) |
| Other Financing Sources (Uses) | | | |
| Transfers In | 90,000 | 48,220 | 138,220 |
| Transfers Out | (44,110) | (90,000) | (134,110) |
| Proceeds from Sale of Assets | 3,971 | | 3,971 |
| Proceeds from Sale of Easements | | 110,000 | 110,000 |
| Total Other Financing Sources (Uses) | 49,861 | 68,220 | 118,081 |
| Net Change in Fund Balances | 215,780 | (120,642) | 95,138 |
| Fund Balances | | | |
| Beginning | 1,184,173 | 1,525,347 | 2,709,520 |
| Ending | \$ 1,399,953 | 1,404,705 | 2,804,658 |

(See accompanying Notes to the Financial Statements.)

VILLAGE OF PALOS PARK, ILLINOIS

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended April 30, 2012

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 95,138 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| The change in net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds. | 15,409 |
| Governmental funds report capital outlays as expenditures; however, they are capitalized and depreciated in the Statement of Activities. | 45,668 |
| The amortization of bond premiums, loss on refunding, and deferred charges does not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | (7,000) |
| The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the Statement of Activities. | 274,553 |
| Depreciation in the Statement of Activities does not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | (201,586) |
| Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | |
| Decrease in accrued interest payable | 2,415 |
| Decrease in compensated absences | <u>20,324</u> |
| Change in Net Assets of Governmental Activities | <u>\$ 244,921</u> |

(See accompanying Notes to the Financial Statements.)

VILLAGE OF PALOS PARK, ILLINOIS

Statement of Net Assets - Proprietary Funds

April 30, 2012

| | Business-Type Activities | | | Total |
|-------------------------------------------------|--------------------------|------------------------|--------------------------|-------------------|
| | Water Fund | Sewer Maintenance Fund | Nonmajor Enterprise Fund | |
| Assets | | | | |
| Current Assets | | | | |
| Cash and Cash Equivalents | \$ 1,478,293 | 530,240 | 45,126 | 2,053,659 |
| Investments | 107,748 | | | 107,748 |
| Accounts Receivable | 234,559 | 58,820 | | 293,379 |
| Prepaid Expenses | 7,190 | 6,382 | 1,164 | 14,736 |
| Total Current Assets | 1,827,790 | 595,442 | 46,290 | 2,469,522 |
| Capital Assets | | | | |
| Capital Assets Not Being Depreciated | 20,000 | | | 20,000 |
| Capital Assets Being Depreciated, Cost | 18,426,528 | 17,032,384 | | 35,458,912 |
| Less Accumulated Depreciation | (6,321,694) | (6,593,574) | | (12,915,268) |
| Total Capital Assets | 12,124,834 | 10,438,810 | - | 22,563,644 |
| Other Assets | | | | |
| Deferred Charges | 36,797 | | | 36,797 |
| Total Assets | 13,989,421 | 11,034,252 | 46,290 | 25,069,963 |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Accounts Payable | 67,386 | 3,646 | 6,903 | 77,935 |
| Wages Payable | 7,115 | 2,470 | | 9,585 |
| Accrued Interest | 29,107 | 4,872 | | 33,979 |
| Compensated Absences Payable | 3,534 | 1,594 | | 5,128 |
| General Obligation Bond Payable | 86,400 | 33,600 | | 120,000 |
| Special Assessment Bonds Payable | 37,710 | | | 37,710 |
| Other Debt Obligations | 3,650 | 3,651 | | 7,301 |
| Total Current Liabilities | 234,902 | 49,833 | 6,903 | 291,638 |
| Noncurrent Liabilities | | | | |
| Compensated Absences Payable | 17,611 | 6,377 | | 23,988 |
| General Obligation Bond Payable | 1,787,456 | 267,544 | | 2,055,000 |
| Special Assessment Bonds Payable | 207,781 | | | 207,781 |
| Other Debt Obligations | 9,792 | 9,791 | | 19,583 |
| Total Noncurrent Liabilities | 2,022,640 | 283,712 | - | 2,306,352 |
| Total Liabilities | 2,257,542 | 333,545 | 6,903 | 2,597,990 |
| Net Assets | | | | |
| Invested in Capital Assets, Net of Related Debt | 9,992,045 | 10,124,224 | | 20,116,269 |
| Unrestricted | 1,739,834 | 576,483 | 39,387 | 2,355,704 |
| Total Net Assets | \$ 11,731,879 | 10,700,707 | 39,387 | 22,471,973 |

(See accompanying Notes to the Financial Statements.)

VILLAGE OF PALOS PARK, ILLINOIS

Statement of Revenues, Expenses and
Changes in Net Assets - Proprietary Funds

Year Ended April 30, 2012

| | Business-Type Activities | | | Total |
|----------------------------------------|--------------------------|------------------------------|--------------------------------|------------|
| | Water Fund | Sewer Maintenance Fund | Nonmajor Enterprise Fund | |
| Operating Revenues | | | | |
| Charges for Services | \$ 1,592,551 | 484,282 | 86,417 | 2,163,250 |
| Sale of Water Meters | 5,005 | | | 5,005 |
| Other Income | 33,184 | 1,113 | | 34,297 |
| Total Operating Revenues | 1,630,740 | 485,395 | 86,417 | 2,202,552 |
| Operating Expenses | | | | |
| Personnel | 421,257 | 167,099 | | 588,356 |
| Commodities | 20,798 | 20,446 | 14,397 | 55,641 |
| Water Purchases | 374,905 | | | 374,905 |
| Services | 333,799 | 168,589 | 55,137 | 557,525 |
| Repairs and Maintenance | 29,322 | | 553 | 29,875 |
| Depreciation and Amortization | 465,923 | 451,711 | | 917,634 |
| Total Operating Expenses | 1,646,004 | 807,845 | 70,087 | 2,523,936 |
| Operating Income (Loss) | (15,264) | (322,450) | 16,330 | (321,384) |
| Nonoperating Revenues (Expenses) | | | | |
| Investment Income | 6,134 | 328 | 125 | 6,587 |
| Rental Income | 39,769 | | | 39,769 |
| Interest Expense | (86,833) | (13,441) | | (100,274) |
| Total Nonoperating Revenues (Expenses) | (40,930) | (13,113) | 125 | (53,918) |
| Income (Loss) before Transfers | (56,194) | (335,563) | 16,455 | (375,302) |
| Transfers In | | 20,000 | | 20,000 |
| Transfers Out | (22,055) | (2,055) | | (24,110) |
| Net Transfers | (22,055) | 17,945 | - | (4,110) |
| Change in Net Assets | (78,249) | (317,618) | 16,455 | (379,412) |
| Net Assets | | | | |
| May 1 | 11,810,128 | 11,018,325 | 22,932 | 22,851,385 |
| April 30 | \$ 11,731,879 | 10,700,707 | 39,387 | 22,471,973 |

(See accompanying Notes to the Financial Statements.)

VILLAGE OF PALOS PARK, ILLINOIS

Statement of Cash Flows - Proprietary Funds

Year Ended April 30, 2012

| | Business-Type Activities | | | Total |
|-----------------------------------------------------------------------------------------------|--------------------------|------------------------------|--------------------------------|------------------|
| | Water Fund | Sewer Maintenance Fund | Nonmajor Enterprise Fund | |
| Cash Flows from Operating Activities | | | | |
| Receipts from Customers and Users | \$ 1,591,129 | 477,363 | 86,417 | 2,154,909 |
| Rental Income | 39,769 | | | 39,769 |
| Payments to Suppliers | (738,396) | (194,267) | (67,695) | (1,000,358) |
| Payments to Employees | (415,627) | (166,666) | | (582,293) |
| | <u>476,875</u> | <u>116,430</u> | <u>18,722</u> | <u>612,027</u> |
| Cash Flows from Noncapital Financing Activities | | | | |
| Transfers In (Out), Net | (22,055) | 17,945 | | (4,110) |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Acquisition of Capital Assets | (10,233) | | | (10,233) |
| Principal Paid on Long-Term Debt | (127,615) | (37,105) | | (164,720) |
| Interest Paid on Long-Term Debt | (87,837) | (13,919) | | (101,756) |
| | <u>(225,685)</u> | <u>(51,024)</u> | <u>-</u> | <u>(276,709)</u> |
| Cash Flows from Investing Activities | | | | |
| Interest Received | 6,134 | 328 | 125 | 6,587 |
| Sale of Investments, Net | (5,408) | | | (5,408) |
| | <u>726</u> | <u>328</u> | <u>125</u> | <u>1,179</u> |
| Net Increase in Cash and Cash Equivalents | 229,861 | 83,679 | 18,847 | 332,387 |
| Cash and Cash Equivalents | | | | |
| May 1 | <u>1,248,432</u> | <u>446,561</u> | <u>26,279</u> | <u>1,721,272</u> |
| April 30 | <u>\$ 1,478,293</u> | <u>530,240</u> | <u>45,126</u> | <u>2,053,659</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities | | | | |
| Operating Income (Loss) | \$ (15,264) | (322,450) | 16,330 | (321,384) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities | | | | |
| Depreciation and Amortization | 465,923 | 451,711 | | 917,634 |
| Rental Income | 39,769 | | | 39,769 |
| Changes in Assets and Liabilities | | | | |
| Receivables | (39,611) | (8,032) | | (47,643) |
| Prepaid Expenses | (353) | (316) | (58) | (727) |
| Accounts Payable | 20,781 | (4,916) | 2,450 | 18,315 |
| Accrued Payroll and Compensated Absences | 5,630 | 433 | | 6,063 |
| | <u>\$ 476,875</u> | <u>116,430</u> | <u>18,722</u> | <u>612,027</u> |

(See accompanying Notes to the Financial Statements.)

VILLAGE OF PALOS PARK, ILLINOIS

Statement of Fiduciary Net Assets - Fiduciary Funds

April 30, 2012

| | Pension Trust | Agency |
|------------------------------------|---------------------|------------------|
| Assets | | |
| Cash and Cash Equivalents | \$ | 2,592,534 |
| Investments | | |
| U.S. Treasury Securities | 102,446 | |
| U.S. Agency Securities | 817,795 | |
| Municipal Bonds | 142,001 | |
| Corporate Bonds | 515,352 | |
| Mutual Funds | 176,375 | |
| Money Market Mutual Funds | 11,131 | |
| Accrued Interest | 20,556 | |
| Total Assets | 1,785,656 | <u>2,592,534</u> |
| Liabilities | | |
| Due to Bondholders | | <u>2,592,534</u> |
| Net Assets | | |
| Held in Trust for Pension Benefits | <u>\$ 1,785,656</u> | |

(See accompanying Notes to the Financial Statements.)

VILLAGE OF PALOS PARK, ILLINOIS

Statement of Changes in Fiduciary Net Assets

Year Ended April 30, 2012

| | |
|--------------------------------------------------|---------------------|
| Additions | |
| Contributions | |
| Employer | \$ 167,000 |
| Participants | 53,100 |
| | <u>220,100</u> |
| Investment Income | |
| Net Appreciation in Fair Value of Investments | 38,479 |
| Interest | 58,274 |
| Less Investment Expense | <u>(6,353)</u> |
| | 90,400 |
| | <u>310,500</u> |
| Deductions | |
| Benefits and Refunds | 104,736 |
| Administration | 1,517 |
| | <u>106,253</u> |
| Change in Net Assets | 204,247 |
| Net Assets | |
| Beginning | <u>1,581,409</u> |
| Ending | <u>\$ 1,785,656</u> |

(See accompanying Notes to the Financial Statements.)

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2012

1. Summary of Significant Accounting Policies

The accounting policies of the Village of Palos Park (the Village) conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

A. Financial Reporting Entity

The Village is a non-home rule village incorporated in 1914. The Village Board is composed of the Mayor and four commissioners which form the legislative branch of the Village. The Village provides a wide range of general municipal services including police protection, crime prevention, community planning and zoning, recreation, building inspection and safety, street building and maintenance, traffic control, water and sewer service and commuter parking. As required by generally accepted accounting principles, these financial statements present the Village (the primary government) and its component unit. The component unit discussed below is included in the Village's reporting entity because of the significance of its operational or financial relationship with the Village.

Palos Park Public Library

This discretely presented component unit has an appointed board and provides services to residents, generally within the geographic boundaries of the Village. This component unit is included within the reporting entity because the Village approves the budget and annual tax levy. Separate financial statements are not available for the Palos Park Public Library (the Library).

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide Statement of Net Assets and Statement of Activities report the overall financial activity of the Village. Eliminations have been made to minimize the double-counting of internal activities of the Village. Interfund services provided and used are not eliminated in the process of consolidation. The financial activities of the Village consist of governmental activities, which are primarily supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Net Assets presents the Village's non-fiduciary assets and liabilities with the differences reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net assets' use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the criteria of the two preceding categories.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2012

1. Summary of Significant Accounting Policies (Cont.)

B. Government-wide and Fund Financial Statements (Cont.)

Government-wide Financial Statements (Cont.)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (i.e. general government, public safety, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees), and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fiduciary Funds are excluded from the government-wide financial statements.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary (pension) funds, even though the latter are excluded from the government-wide financial statements. The fund financial statements provide information about the Village's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Village has the following major governmental fund – General Fund. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. The Village has the following major enterprise funds – Water Fund and Sewer Maintenance Fund. All remaining enterprise funds are aggregated and reported as nonmajor enterprise funds.

The Village administers the following major governmental fund:

The **General Fund** is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Village administers the following major proprietary funds:

The **Water Fund** accounts for the provision of water to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt services and billing and collection.

The **Sewer Maintenance Fund** accounts for the provision of sanitary sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services and billing and collection.

The Village reports a pension trust fund as a fiduciary fund to account for the Police Pension Fund.

Additionally, the Village reports the Special Assessment Funds responsible for non-commitment debt payments as agency funds.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements

April 30, 2012

1. Summary of Significant Accounting Policies (Cont.)

C. Measurement Focus and 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 financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include various taxes, State-shared revenues and various State, Federal and local grants. On an accrual basis, revenues from taxes are recognized when the Village has a legal claim to the resources. Grants, entitlements, State-shared revenues, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental funds 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. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal year, except for sales taxes, communication taxes, and income taxes which use a 90-day period.

Significant revenue sources which are susceptible to accrual include property taxes, other taxes, grants, charges for services, and interest. All other revenue sources are considered to be measurable and available only when cash is received.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, compensated absences are recorded only when payment is due (upon employee retirement or termination). General capital asset acquisitions are reported as expenditures in governmental funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first; then unrestricted resources are used as they are needed.

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Village's proprietary fund types consider as cash equivalents all highly liquid investments with an original maturity of three months or less when purchased.

E. Investments

Investments are reported at fair value. Fair value is based on quoted market prices.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2012

1. Summary of Significant Accounting Policies (Cont.)

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items under the consumption method.

G. Capital Assets

Capital assets which include land, streets and bridges, buildings, storm sewers, sanitary sewers, water mains and vehicles are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$10,000, and an estimated useful life of greater than one year. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Expenditures for asset acquisitions and improvements are stated as capital outlay expenditures in the governmental funds.

Interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Depreciation of capital assets is recorded in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets and is provided on the straight-line basis over the following estimated useful lives:

| | |
|-------------------------------------|----------|
| Buildings and Improvements | 40 years |
| Infrastructure | 40 years |
| Water and Sewer Distribution System | 40 years |
| Vehicles | 5 years |
| Streets | 30 years |

Gains or losses from sales or retirements of capital assets are included in operations on the Statement of Activities.

H. Deferred Revenue

In the Government-wide financial statements, the Village defers revenue recognition in connection with resources that have been received, but not yet earned.

Governmental funds also report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

I. Vacation and Sick Leave

Vacation and sick leave are recorded in governmental funds when due (upon employee retirement or termination). Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, an expenditure/expense is reported and a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" at retirement.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2012

1. Summary of Significant Accounting Policies (Cont.)

J. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations, including compensated absences, are reported as liabilities in the applicable governmental or business-type activities and proprietary fund Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges 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 debt service expenditures.

Enterprise funds individually account for and service the applicable debt that benefits those funds. Long-term debt is recognized as a liability in a governmental fund when due, or when resources have been accumulated for payment early in the following year.

K. Fund Equity

Beginning with fiscal year 2012, the Village implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority (i.e., Village Board of Commissioners). To be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the Village intends to use for a specific purpose. Intent can be expressed by the Village Board of Commissioners or by an official or body to which the Village Commissioners delegate the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The Village will use the most restricted funds before the less restricted funds. Nonspendable funds would be spent first as they become spendable, followed by restricted fund balances, then by committed resources, and then assigned resources, as appropriate opportunities arise.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2012

1. Summary of Significant Accounting Policies (Cont.)

K. Fund Equity (Cont.)

The Village Board of Commissioners establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Village Board of Commissioners through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

L. Accounting Estimates

The preparation of the 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 disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from these estimates.

M. Interfund Transactions

The Village has the following types of transactions between funds:

Loans are amounts provided with a requirement for repayment. Interfund loans, if any, are reported as due from other funds in lender funds and due to other funds in borrower funds for short-term borrowings, and advances to other funds in lender funds and advances from other funds in borrower funds for long-term borrowings. Amounts are reported as internal balances in the government-wide Statement of Net Assets, except for amounts between similar activities, which have been eliminated.

Services provided and used are sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as due to/from other funds in the fund Balance Sheets or as internal balances in the government-wide Statement of Net Assets.

Reimbursements are repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers are flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers in/out are reported as a separate category after non-operating revenues and expenses.

2. Fund Equity

All funds had positive fund balances for the year ended April 30, 2012.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2012

3. Deposits and Investments

A. Village Deposits and Investments

The Village’s investment policy authorizes the Village to invest in all investments allowed by Illinois Compiled Statutes. These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller than 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.

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 fund. 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.

Investments

The following table presents the investments and maturities of the Village as of April 30, 2012:

| | Fair Value | Investment Maturities in Years | | | |
|---------------------------|-------------------|--------------------------------|----------------|---------------|--------------------|
| | | Less Than One Year | 1 to 5 Years | 6 to 10 Years | More Than 10 Years |
| U.S. Treasury Securities | \$ 206,129 | 52,187 | 61,262 | 92,680 | |
| U.S. Agency Securities | 149,907 | | 149,907 | | |
| Money Market Mutual Funds | 3,125 | 3,125 | | | |
| | <u>\$ 359,161</u> | <u>55,312</u> | <u>211,169</u> | <u>92,680</u> | <u>-</u> |

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.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2012

3. Deposits and Investments (Cont.)

A. Village Deposits and Investments (Cont.)

In accordance with its investment policy, 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. The U.S. agency obligations and money market mutual funds are all rated AAA.

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) or a receipts versus payment (RVP) basis with the underlying investments held by a safekeeping agent designated by the Village and evidenced by safekeeping receipts.

Concentration of credit risk is the risk that the Village has a high percentage of their investments invested in one type of investment. At April 30, 2012, the Village had greater than 5% of its overall portfolio invested in U.S. Treasury obligations and U.S. agency obligations. The Village's investment policy requires diversification of investment to avoid unreasonable risk. The policy requires that no category of investment should exceed 40% of the total portfolio except for cash equivalents and treasury securities. Further, the portfolio should at no time hold deposits constituting more than 10% of any single financial institution's total deposits.

B. Police Pension Investments

The Police Pension Fund's investment policy authorizes the Police Pension Fund to invest in all investments allowed by the Illinois Pension Code contained in Chapter 40 of Illinois Compiled Statutes. These include deposits/investments in insured commercial banks, savings and loan institutions, interest-bearing obligations of the U.S. Treasury and U.S. agencies, interest-bearing bonds of the State of Illinois, or any county, township or municipal corporation of the State of Illinois, direct obligations of the State of Israel, money market mutual funds whose investments consist of obligations of the U.S. Treasury or U.S. agencies, separate accounts managed by life insurance companies, mutual funds, common and preferred stock and Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains \$1 per share value which is equal to the participants fair value). Additionally, the Police Pension Fund will not invest in any institution in which the Police Pension Fund funds on deposit are in excess of 75% of the institutions' capital stock and surplus.

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

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Police Pension Fund's deposits may not be returned to it. The Police Pension Fund's investment policy requires pledging of collateral for all investments 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 Police Pension Fund, an independent third party or the Federal Reserve Bank of Chicago.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2012

3. Deposits and Investments (Cont.)

B. Police Pension Investments (Cont.)

Investments

The following table presents the investments and maturities of the Police Pension Fund as of April 30, 2012:

| | Fair Value | Investment Maturities in Years | | | |
|---------------------------|---------------------|--------------------------------|----------------|----------------|--------------------|
| | | Less Than One Year | 1 to 5 Years | 6 to 10 Years | More Than 10 Years |
| U.S. Treasury Securities | \$ 102,446 | | 57,175 | 45,271 | |
| U.S. Agency Securities | 817,795 | 10,041 | 517,345 | 290,409 | |
| Municipal Bonds | 142,001 | 10,219 | 68,058 | 42,395 | 21,329 |
| Corporate Bonds | 515,352 | | 302,147 | 213,205 | |
| Mutual Funds | 176,375 | 176,375 | | | |
| Money Market Mutual Funds | 11,131 | 11,131 | | | |
| | <u>\$ 1,765,100</u> | <u>207,766</u> | <u>944,725</u> | <u>591,280</u> | <u>21,329</u> |

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

In accordance with its investment policy, the Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in U.S. agency obligations and other highly rated obligations. The U.S. agency obligations, money market mutual funds, and municipal bonds are all rated AA+.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. Currently, the Police Pension Fund's investment policy does not explicitly address this risk. However, there is no exposure to custodial credit risk for investments.

Concentration of credit risk is the risk that the Police Pension Fund has a high percentage of their investments invested in one type of investment. The Police Pension Fund's investment policy requires diversification of investments to avoid unreasonable risk. At April 30, 2012, the Police Pension Fund had greater than 5% of its overall portfolio invested in U.S. Treasury and U.S. agency obligations, corporate bonds, and municipal bonds. The Police Pension Fund's investment policy requires that deposits in the Illinois Public Treasurer's Pool shall not exceed 50% of the total portfolio. The policy provides no other limits on diversification.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
 April 30, 2012

4. Property Taxes

The County Assessor is responsible for assessment of all taxable real property within Cook County (County), except for certain railroad and pollution control property which is assessed directly by the State. The County Clerk computes the annual tax of each parcel of real property and prepares tax books used by the County Collector as a basis for issuing tax bills to all taxpayers in the County.

The owner of real property on January 1 (lien date) is liable for taxes of that year. The Village must file its tax levy by the last Tuesday of December each year. Taxes levied in 2011 became due and payable in two installments in March 2012 and August 2012. Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits them periodically. The Village deferred recognition of the second installment of the 2011 property tax levy due to the second installment being intended to fund the next fiscal year's operations.

5. Capital Assets

A. Governmental Activities

A summary of changes in capital assets for governmental activities of the Village for the year ended April 30, 2012 is as follows:

| | Balances May 1 | Additions | Deletions | Balances April 30 |
|---------------------------------------------|---------------------|------------------|---------------|----------------------|
| Capital Assets Not Being Depreciated | | | | |
| Land | \$ 1,698,500 | | | 1,698,500 |
| Capital Assets Being Depreciated | | | | |
| Infrastructure | 300,000 | | | 300,000 |
| Buildings and Improvements | 3,862,500 | | | 3,862,500 |
| Vehicles | 848,543 | 45,668 | 20,000 | 874,211 |
| | <u>5,011,043</u> | <u>45,668</u> | <u>20,000</u> | <u>5,036,711</u> |
| Less Accumulated Depreciation For | | | | |
| Infrastructure | 50,000 | 10,000 | | 60,000 |
| Buildings and Improvements | 1,068,221 | 96,562 | | 1,164,783 |
| Vehicles | 566,686 | 95,024 | 20,000 | 641,710 |
| | <u>1,684,907</u> | <u>201,586</u> | <u>20,000</u> | <u>1,866,493</u> |
| Total Capital Assets Being Depreciated, Net | <u>3,326,136</u> | <u>(155,918)</u> | <u>-</u> | <u>3,170,218</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 5,024,636</u> | <u>(155,918)</u> | <u>-</u> | <u>4,868,718</u> |

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2012

5. Capital Assets (Cont.)

B. Business-Type Activities

A summary of changes in capital assets for business-type activities of the Village for the year ended April 30, 2012 is as follows:

| | Balances May 1 | Additions | Deletions | Balances April 30 |
|-------------------------------------------------|----------------------|------------------|-----------|----------------------|
| Capital Assets Not Being Depreciated | | | | |
| Land | \$ 20,000 | | | 20,000 |
| Capital Assets Being Depreciated | | | | |
| Water Distribution System | 18,353,985 | 10,233 | | 18,364,218 |
| Sewer Distribution System | 17,013,734 | | | 17,013,734 |
| Vehicles | 80,960 | | | 80,960 |
| | <u>35,448,679</u> | <u>10,233</u> | <u>-</u> | <u>35,458,912</u> |
| Less Accumulated Depreciation For | | | | |
| Water Distribution System | 5,813,036 | 459,189 | | 6,272,225 |
| Sewer Distribution System | 6,138,133 | 451,711 | | 6,589,844 |
| Vehicles | 47,819 | 5,380 | | 53,199 |
| | <u>11,998,988</u> | <u>916,280</u> | <u>-</u> | <u>12,915,268</u> |
| Total Capital Assets Being Depreciated, Net | <u>23,449,691</u> | <u>(906,047)</u> | <u>-</u> | <u>22,543,644</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 23,469,691</u> | <u>(906,047)</u> | <u>-</u> | <u>22,563,644</u> |

C. Depreciation Charged to Functions/Activities

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

| | |
|--------------------------------|-------------------|
| General Government | \$ 87,075 |
| Public Safety | 36,769 |
| Public Works | 69,871 |
| Culture and Recreation | <u>7,871</u> |
| Total Governmental Activities | <u>\$ 201,586</u> |
| Water | \$ 464,569 |
| Sewer | <u>451,711</u> |
| Total Business-Type Activities | <u>\$ 916,280</u> |

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
 April 30, 2012

6. Long-Term Obligations

A. Installment Contracts Payable

The Village has outstanding installment contracts payable at April 30, 2012:

\$300,000 Series 2002 Certificates, dated March 26, 2002, were issued for the purchase of the Sluis residential property, payable in annual installments of \$16,000 to \$26,000 each January 1 through January 1, 2017, with interest of 1.80% to 5.05%.

\$570,000 Series 2006 Certificates, dated October 26, 2006, were issued for the purchase of property, payable in annual installments of \$15,000 to \$45,000 each December 1 through December 1, 2025, with interest of 3.60% to 4.35%.

\$31,316 installment purchase contract, dated August 11, 2008, was issued for the purchase of a chipper, payable in monthly installments of \$586 on the 30th day of each month through July 30, 2013, including interest of 4.83%.

\$1,055,000 Series 2010 Refunding Certificates, dated January 25, 2010, were issued to refund the Series 2000 Certificates, payable in annual installments of \$200,000 to \$225,000 each December 1 through December 1, 2014, with interest of 2.00% to 3.00%.

\$30,000 installment purchase contract, dated November 23, 2009, was issued for the purchase of computers, payable in quarterly installments of \$2,754, commencing February 23, 2010 through November 23, 2012, including interest at 6.00%.

\$37,300 installment purchase contract, dated October 29, 2010, was issued for the purchase of a dump truck, payable in semi-annual installments of \$4,158, commencing April 29, 2011 through October 29, 2015, including interest at 3.99%.

Changes in installment contracts for the year ended April 30, 2012 are as follows:

| | Fund Debt Retired By | Balances May 1 | Issuances | Retirements | Balances April 30 | Current Portion |
|---------------------------------------|---------------------------------------|---------------------|-----------|----------------|----------------------|--------------------|
| Series 2002 Certificates | General | \$ 141,000 | | 21,000 | 120,000 | 22,000 |
| Series 2006 Certificates | Land Acquisition and Recreation | 495,000 | | 25,000 | 470,000 | 25,000 |
| 2010 Refunding Certificates | General | 855,000 | | 205,000 | 650,000 | 210,000 |
| 2008 Installment Purchase Contract | General | 15,514 | | 6,401 | 9,113 | 6,771 |
| 2009 Installment Purchase Contract | General | 18,034 | | 10,141 | 7,893 | 7,884 |
| 2010 Installment Purchase Contract | 1/2% Sales Tax | 33,895 | | 7,011 | 26,884 | 7,301 |
| | | <u>\$ 1,558,443</u> | <u>-</u> | <u>274,553</u> | <u>1,283,890</u> | <u>278,956</u> |

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2012

6. Long-Term Obligations (Cont.)

B. Debt Service Requirements to Maturity

| Fiscal Year Ending April 30 | Installment Contracts | |
|-----------------------------------|-----------------------|----------------|
| | Principal | Interest |
| 2013 | \$ 278,956 | 43,169 |
| 2014 | 272,889 | 36,202 |
| 2015 | 281,910 | 28,441 |
| 2016 | 59,135 | 19,160 |
| 2017 | 56,000 | 16,710 |
| 2018-2022 | 165,000 | 57,954 |
| 2023-2026 | 170,000 | 18,798 |
| | <u>\$ 1,283,890</u> | <u>220,434</u> |

C. Changes in Long-Term Liabilities

During the fiscal year, the following changes occurred in liabilities reported in the governmental long-term liabilities:

| | Balances May 1 | Issuances | Retirements | Balances April 30 | Current Portion |
|---------------------------------------------|---------------------|---------------|----------------|----------------------|--------------------|
| Installment Contracts Payable | \$ 1,558,443 | | 274,553 | 1,283,890 | 278,956 |
| Less Deferred Items | | | | | |
| Premium on Installment Contracts | 9,766 | | 2,441 | 7,325 | |
| Loss on Refunding | (10,393) | | (2,598) | (7,795) | |
| Compensated Absences Payable* | 194,817 | 82,929 | 103,253 | 174,493 | 25,448 |
| Net Pension Obligation* | 10,981 | | | 10,981 | |
| Total Governmental Long-Term Liabilities | <u>\$ 1,763,614</u> | <u>82,929</u> | <u>377,649</u> | <u>1,468,894</u> | <u>304,404</u> |

*The General Fund has typically been used to liquidate the compensated absences liability and net pension obligation.

In prior years, the Village defeased certain debt certificates by placing the proceeds of new certificates in an irrevocable trust to provide for all future debt service payments on the old certificates. Accordingly, the trust account assets and the liability for the defeased certificates are not included in the Village's financial statements. At April 30, 2012, \$650,000 of bonds outstanding are considered defeased.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
 April 30, 2012

6. Long-Term Obligations (Cont.)

D. Proprietary Debt

The Village has issued a number of special assessments bonds payable as noted below. The public benefit portion of two of the special assessment bonds payable are payable from the Water Fund. Special Assessment 96-1A has a remaining public benefit portion of \$64,944 at April 30, 2012. Special Assessment 96-1B has a remaining public benefit portion of \$180,547 at April 30, 2012. Debt service to maturity on these two obligations is as follows:

| Fiscal Year Ending April 30 | Public Benefit Special Assessments | |
|-----------------------------------|---------------------------------------|---------------|
| | Principal | Interest |
| 2013 | \$ 37,710 | 11,643 |
| 2014 | 37,710 | 9,759 |
| 2015 | 37,710 | 8,383 |
| 2016 | 37,710 | 6,520 |
| 2017 | 37,710 | 4,670 |
| 2018-2019 | 56,941 | 3,725 |
| | <u>\$ 245,491</u> | <u>44,700</u> |

The Village issued \$450,000 Series 2004 General Obligation Alternate Revenue Bonds, dated November 4, 2004, issued for the capital improvements to the water and sewer system, payable in annual installments of \$25,000 to \$40,000 each December 1, through December 1, 2019, with interest payable semi-annually of 1.80% to 4.10%. The property taxes on these bonds are to be abated annually and the bonds are repaid with water and sewer revenues. At April 30, 2012, \$270,000 is outstanding.

The Village issued \$450,000 Series 2005 General Obligation Alternate Revenue Bonds, dated November 4, 2005, issued for the capital improvements to the water and sewer system, payable in annual installments of \$25,000 to \$35,000 each December 1, through December 1, 2019, with interest payable semi-annually of 3.10% to 4.05%. The property taxes on these bonds are to be abated annually and the bonds are repaid with water and sewer revenues. At April 30, 2012, \$275,000 is outstanding.

The Village issued \$1,750,000 Series 2010 General Obligation Alternative Revenue Bonds, dated May 25, 2010, to finance construction of an underground water reservoir, payable in annual installments of \$60,000 to \$360,000 each December 1 through December 1, 2029, with interest payable semi-annually of 2.50% to 4.30%. The property taxes on these bonds are to be abated annually and the bonds are repaid with water and sewer revenues. At April 30, 2012, \$1,630,000 is outstanding.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2012

6. Long-Term Obligations (Cont.)

D. Proprietary Debt (Cont.)

Debt service to maturity on these bonds is as follows:

| Fiscal Year Ending April 30 | Alternate Revenue Bonds | |
|-----------------------------------|-------------------------|----------------|
| | Principal | Interest |
| 2013 | \$ 120,000 | 81,550 |
| 2014 | 130,000 | 77,920 |
| 2015 | 135,000 | 73,788 |
| 2016 | 140,000 | 69,473 |
| 2017 | 145,000 | 64,923 |
| 2018-2022 | 630,000 | 248,450 |
| 2023-2027 | 515,000 | 142,528 |
| 2028-2030 | 360,000 | 31,390 |
| | <u>\$ 2,175,000</u> | <u>790,022</u> |

\$37,300 installment purchase contract, dated October 29, 2010, was issued for the purchase of a dump truck, payable in semi-annual installments of \$4,158, commencing April 29, 2011 through October 29, 2015, including interest at 3.99%. The installment contract is repaid with 50% from the General Fund, 25% Water Fund revenues and 25% Sewer Fund revenues.

| Fiscal Year Ending April 30 | Installment Contract | |
|-----------------------------------|----------------------|--------------|
| | Principal | Interest |
| 2013 | \$ 7,301 | 1,015 |
| 2014 | 7,599 | 716 |
| 2015 | 7,910 | 406 |
| 2016 | 4,074 | 83 |
| | <u>\$ 26,884</u> | <u>2,220</u> |

During the fiscal year, the following changes occurred in liabilities reported in the business-type long-term liabilities:

| | Balances May 1 | Issuances | Retirements | Balances April 30 | Current Portion |
|----------------------------------------------|---------------------|---------------|----------------|----------------------|--------------------|
| Special Assessment Bonds Payable | \$ 283,201 | | 37,710 | 245,491 | 37,710 |
| Alternate Revenue Bonds Payable | 2,295,000 | | 120,000 | 2,175,000 | 120,000 |
| Installment Contract | 33,894 | | 7,010 | 26,884 | 7,301 |
| Compensated Absences Payable | 25,020 | 17,358 | 13,262 | 29,116 | 5,128 |
| Total Business-Type Long-Term Liabilities | <u>\$ 2,637,115</u> | <u>17,358</u> | <u>177,982</u> | <u>2,476,491</u> | <u>170,139</u> |

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
 April 30, 2012

6. Long-Term Obligations (Cont.)

E. Special Assessment Bonds

Special assessment bonds outstanding as of April 30, 2012 totaled \$3,226,798. Other than the public benefit portion of the special assessments discussed above, these bonds are not an obligation of the Village and are secured by the levy of special assessments on the real property within the special assessment area. The Village is in no way liable for repayment but is only acting as agent for the property owners in levying and collecting the assessments and forwarding the collections to bondholders.

7. Segment Information

The Village maintains two major enterprise funds. The Water Fund accounts for the activities of providing water services to residents of the Village. The Sewer Maintenance Fund accounts for the activities of providing sewer services to residents of the Village. The other enterprise fund maintained by the Village is the Commuter Parking Lot Fund which is supported by charges to users.

Segment information requirements are effectively met within the basic financial statements.

8. Interfund Transactions

A. Interfund Balances

| Receivable Fund | Payable Fund | Amount |
|---------------------------------------|--------------------------------|-----------------|
| <u>Due to/from Other Funds</u> | | |
| General | Component Unit Library Fund | <u>\$ 5,763</u> |

The interfund balances between the General Fund and the Component Unit resulted from normal operations.

B. Transfers

| Receiving Fund | Transferring Fund | Amount |
|-----------------------------|--------------------------------------|-------------------|
| General | Special Revenue Police Forfeiture | \$ 90,000 |
| Nonmajor Governmental Funds | | |
| Special Revenue | Enterprise | |
| Police Forfeiture | Water Fund | 2,055 |
| | Sewer Maintenance Fund | 2,055 |
| | General | 4,110 |
| Capital Projects | | |
| Capital Improvements | General | 40,000 |
| Enterprise | | |
| Sewer Maintenance Fund | Enterprise Water Fund | <u>20,000</u> |
| | | <u>\$ 158,220</u> |

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2012

8. Interfund Transactions (Cont.)

B. Transfers (Cont.)

\$90,000 transferred from the Special Revenue - Police Forfeiture Fund to the General Fund. This relates to the purchase of police vehicles and administrative costs reimbursement. This transfer will not be repaid.

\$40,000 transferred from the General Fund to the Capital Projects - Capital Improvements Fund. This relates to costs incurred for construction of the Cal-Sag bike trail. This transfer will not be repaid.

\$20,000 transferred from the Water Fund to the Sewer Fund. This relates to sewer late fees. This transfer will not be repaid.

\$2,055 transferred from both the Water Fund and Sewer Maintenance Fund and \$4,110 transferred from the General Fund to the Police Forfeiture Fund for capital expenditures. These transfers will not be repaid.

9. Defined Benefit Pension Plans

A. Illinois Municipal Retirement

Plan Description

The Village contributes to the Illinois Municipal Retirement Fund (IMRF), which provides retirement (including early retirement), disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. IMRF is a defined benefit agent multiple-employer public employee retirement system which acts as a common investment and administrative agent for local governments and school districts in Illinois. All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The Illinois Pension Code establishes the benefit provisions of the plan which can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/ or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Funding Policy

Employees participating in IMRF who retire at or after age 60 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 2.00% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.50% 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 rates for the calendar year ended 2011 were 13.16% of covered payroll.

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.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2012

9. Defined Benefit Pension Plans (Cont.)

A. Illinois Municipal Retirement (Cont.)

Annual Pension Cost, Net Pension Obligation and Actuarial Assumptions

For calendar year 2011, the Village's actual contributions were \$192,397. The annual pension cost was \$192,397 and was equal to the Village's required contributions. The required contribution was determined as part of the December 31, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year attributable to inflation; (c) additional projected salary increases ranging from 0.4% to 10.0% per year, depending on age and service attributable to seniority/merit; and (d) post-retirement benefit increases of 3% annually.

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open 30 year basis.

Annual Pension Cost, Net Pension Obligation and Actuarial Assumptions (Cont.)

IMRF conducts annual actuarial valuations as of December 31 of each year. The valuation determines the actuarial liabilities for the year of the valuation. Employer contribution rates are based on the valuation two years prior. For example, the December 31, 2009 valuation determined the liabilities for calendar year 2010 and the employer rate for calendar year 2011.

B. Sheriff's Law Enforcement Personnel

Sheriff's Law Enforcement Personnel (SLEP), having accumulated at least 30 years of SLEP service and terminating IMRF participation on or after January 1, 1988, may elect to retire at or after age 50 with no early retirement discount penalty. SLEP members meeting these two qualifications are entitled to an annual retirement benefit, payable monthly for life, in an amount generally equal to 2.50% of their final rate of earnings, for each year of credited service up to 20 years, 2.00% of their final earnings rate for the next 10 years of credited service and 1.00% for each year thereafter. For those SLEP members retiring with less than 20 years of SLEP service, the regular IMRF pension formula applies. SLEP also provides death and disability benefits. These benefits provisions and all other requirements are established by State statute. SLEP members are required to contribute 7.5% of their annual salary to SLEP. The Village is required to contribute the remaining amounts necessary to fund the SLEP as specified by statute. The employer contribution rate for the year ended December 31, 2011 was 14.55% of covered payroll. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

C. Police Pension

Plan Description and Provisions

Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. The plan does not issue a stand-alone financial report.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2012

9. Defined Benefit Pension Plans (Cont.)

C. Police Pension (Cont.)

Plan Description and Provisions (Cont.)

The Village payroll for employees covered by the Police Pension Plan for the year ended April 30, 2010 was \$563,427. At April 30, 2010, the Police Pension Plan membership consisted of:

| | |
|----------------------------------------------------------------------------------------------------------------------------------------|----------|
| Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but Not Yet Receiving Them | 1 |
| Current Employees | |
| Vested | 3 |
| Nonvested | <u>5</u> |
| Total | <u>9</u> |

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of 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 pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Employees with at least 8 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 one-half 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 10 years may retire at or after age 50 and receive a reduced benefit (i.e., 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 one-half of the change in the Consumer Price Index for the proceeding calendar year.

Funding Policy

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. 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 as actuarially determined by an enrolled actuary. By the

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2012

9. Defined Benefit Pension Plans (Cont.)

C. Police Pension (Cont.)

Funding Policy (Cont.)

year 2040 the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded. The most recent actuarial valuation was performed as of April 30, 2010. For 2010, the Village was required to contribute 26.19% of covered payroll. Administrative costs are financed through investment earnings.

Annual Pension Cost, Net Pension Obligations (Asset) and Reserves

2012 Annual Pension Cost and Net Pension Obligation

For 2012 the Village's annual required pension contribution (ARC) was \$151,812. The Village's actual contribution was \$167,000. For a description of the significant actuarial assumptions, see Note 9.E.

The net pension asset at April 30, 2012 of \$64,648 has been reported on the Statement of Net Assets.

Reserves and Concentration of Investments

There are no assets legally reserved for purposes other than the payment of plan member benefits. There are no long-term contracts for contributions.

The fund had no investments (other than those issued or guaranteed by the U.S. government) that exceeded 5% or more of net assets available for benefits at April 30, 2012.

D. Summary of Significant Accounting Policies and Plan Asset Matters

The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

Computation of Net Pension Obligations at April 30, 2012

| | Illinois Municipal Retirement | Sheriff's Law Enforcement Personnel | Police Pension | Total |
|--------------------------------------------------|-------------------------------------|-------------------------------------------|-------------------|----------|
| Annual Required Contribution | \$ 192,397 | 16,168 | 151,812 | 360,377 |
| Interest on the NPO | | | (753) | (753) |
| Adjustments to the ARC | | | 532 | 532 |
| Annual Pension Cost | 192,397 | 16,168 | 151,591 | 360,156 |
| Contribution Made | 192,397 | 16,168 | 167,000 | 375,565 |
| Increase in the Net Pension Obligation (Asset) | - | - | (15,409) | (15,409) |
| Net Pension Obligation (Asset) at May 1, 2011 | 10,981 | | (49,239) | (38,258) |
| Net Pension Obligation (Asset) at April 30, 2012 | \$ 10,981 | - | (64,648) | (53,667) |

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2012

9. Defined Benefit Pension Plans (Cont.)

E. Significant Actuarial Assumptions

The information presented in the notes and the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

| | Illinois Municipal Retirement | Sheriff's Law Enforcement Personnel | Police Pension |
|-----------------------------------------------------------------------------------|-------------------------------------|-------------------------------------------|---------------------------------|
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal | Entry Age Normal |
| Asset Valuation Method | 5 Year Smoothed Market | 5 Year Smoothed Market | Market |
| Amortization Method | Level Percentage of Payroll | Level Percentage of Payroll | Level Percentage of Payroll |
| Significant Actuarial Assumptions | | | |
| (a) Amortization Period | 30 Years, Open | 30 Years, Open | 23 Years, Closed |
| (b) Rate of Return on Investment of Present and Future Assets | 7.50% Compounded Annually | 7.50% Compounded Annually | 7.00% Compounded Annually |
| (c) Projected Salary Increases - Attributable to Inflation | 4.00% Compounded Annually | 4.00% Compounded Annually | 5.50% Compounded Annually |
| (d) Additional Projected Salary Increases - Attributable to Seniority/Merit | 0.4% to 10.0% | 0.4% to 10.0% | Not Available |

F. Funding Status at April 30, 2012

| Plan | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a)/c |
|-------------------------------------------|----------------------------------------|-------------------------------------------------------------|------------------------------------|--------------------------|---------------------------|-------------------------------------------------------------|
| Illinois Municipal Retirement | \$ 1,174,913 | 2,507,935 | 1,333,022 | 46.85% | 1,461,983 | 91.18% |
| Sheriff's Law Enforcement Personnel | 271,317 | 336,499 | 65,182 | 80.63% | 111,120 | 58.66% |
| Police Pension | 1,383,325 | 2,829,426 | 1,446,101 | 48.89% | 563,427 | 256.66% |

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2012

9. Defined Benefit Pension Plans (Cont.)

F. Funding Status at April 30, 2012 (Cont.)

The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

G. Trend Information

| | Fiscal Year | Illinois Municipal Retirement | Sheriff's Law Enforcement Personnel | Police Pension |
|--------------------------------|----------------|-------------------------------------|-------------------------------------------|-------------------|
| Annual Pension Cost | 2012 | \$ 192,397 | 16,168 | 151,591 |
| | 2011 | 180,899 | 14,013 | 151,591 |
| | 2010 | 159,605 | 12,800 | 151,591 |
| Percent Contributed | 2012 | 100.00 | 100.00 | 110.16 |
| | 2011 | 93.93 | 100.00 | 128.06 |
| | 2010 | 100.00 | 100.00 | 97.32 |
| Net Pension Obligation (Asset) | 2012 | 10,981 | | (64,648) |
| | 2011 | 10,981 | | (49,239) |
| | 2010 | | | (6,705) |

10. Other Post-Employment Benefits

The Village has evaluated its potential other post-employment benefits liability. The Village provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the Village are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Village's health insurance plan. Therefore, there has been 0% utilization and, therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the Village had no former employees for which the Village was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Village has not recorded any post-employment benefit liability as of April 30, 2012.

11. Contingent Liabilities

There are several pending lawsuits in which the Village is involved. Management believes that the potential claims against the Village resulting from such litigation will not materially affect the financial position of the Village.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2012

12. 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; employee health; natural disasters; illnesses of employees; and injuries to the Village's employees.

Intergovernmental Risk Management Agency

The Village participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of municipalities and specific districts in northeastern Illinois that have formed an association under the Illinois Intergovernmental Cooperations Statute to pool their risk management needs. IRMA administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration/litigation management services; unemployment claim administration; extension risk management/loss control consulting and training purposes; and a risk information system and financial reporting service for its members.

The Village's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. The Village assumes the first \$2,500 of each occurrence, and IRMA has a mix of self-insurance and commercial insurance at various amounts above that level.

Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The Village does not exercise any control over the activities of IRMA beyond its representation on the Board of Directors.

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the by-laws of IRMA and experience modification factors based on past member loss experience. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits. The Village is aware of no additional contributions due to IRMA as of April 30, 2012.

Complete financial statements, the latest available dated December 31, 2011, may be obtained directly from IRMA's administrative offices at 4 Westbrook Corporate Center, Suite 940, Westchester, Illinois 60154.

13. Subsequent Events

The Village has evaluated subsequent events through October 29, 2012, the date when these financial reports were available to be issued.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2012

14. Component Unit – Palos Park Public Library

A. Summary of Significant Accounting Policies

The accounting policies of the Library conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

Fund Accounting

The Library uses funds 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 and 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.

All of the Library funds are classified as governmental funds.

Governmental funds are used to account for all of the Library's general activities, including the collection and disbursement or earmarked monies (special revenue funds), the acquisition or construction of general capital assets (capital project funds) and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the Library.

The Library reports the following major government fund:

The **General Fund** is the general operating fund of the Library. It is used to account for all financial resources of the Library.

Measurement Focus and 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. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. The Library recognizes property taxes when they become both measurable and available in the period the tax is 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.

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 Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures, if any, are recorded only when payment is due.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2012

14. Component Unit – Palos Park Public Library (Cont.)

A. Summary of Significant Accounting Policies (Cont.)

Measurement Focus and Basis of Accounting and Financial Statement Presentation (Cont.)

Property taxes owed to the state at year-end, charges for services and interest 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 and miscellaneous revenues are considered to be “measurable” and “available” only when cash is received by the Library.

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 guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Library; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditures 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 Library reports deferred/unearned revenue on its financial statements. Deferred/unearned revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Deferred/unearned revenues also arise when resources are received by the Library 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 when the Library has a legal claim to the resources, the liability for deferred/unearned revenue is removed from the financial statements and revenue is recognized.

Investments

Investments are stated at cost or amortized cost, which approximates fair value.

B. Deposits and Investments

Library Investments

The Library’s investment policy authorizes the Library to invest in all investments allowed by Illinois Compiled Statutes. These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value). The Library’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.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2012

14. Component Unit – Palos Park Public Library (Cont.)

B. Deposits and Investments (Cont.)

Library Investments (Cont.)

It is the policy of the Library 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 Library 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.

Library Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Library’s deposits may not be returned to it. The Library’s investment policy does not discuss custodial credit risk.

Investments

In accordance with its investment policy, the Library 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 Library 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.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Library will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Library’s investment policy requires all investments to be limited to the safest types of securities invested with pre-qualified institutions, broker/dealers, intermediaries, and advisors and soundly diversified.

Concentration of credit risk is the risk that the Library has a high percentage of their investments invested in one type of investment. There are no significant investments in any one organization that represents 5% or more of its overall portfolio at April 30, 2012.

C. Receivables

Property taxes for the 2011 levy year attach as an enforceable lien on January 1, 2011, on property values assessed as of the same date. Taxes are levied by December 31 of the subsequent fiscal year end by passage of a Tax Levy Ordinance. Tax bills are prepared by the County and issued on or about February 1, 2012 and September 1, 2012, and are payable in two installments, on or about March 1, 2012 and October 1, 2012.

The County collects such taxes and remits them periodically. The second half collections of the 2010 levy and the first half collections of 2011 are intended to finance the 2012 fiscal year. The remaining collections of the 2011 levy are not considered available for current operations and are, therefore, shown as deferred/unearned revenue. The 2012 tax levy has not been recorded as a receivable at April 30, 2012, as the tax attached as a lien in property as of January 1, 2012; however, the tax will not be levied until December 2012 and, accordingly, is not measureable at April 30, 2012.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2012

14. Component Unit – Palos Park Public Library (Cont.)

D. Capital Assets

Capital asset activity for the Library for the year ended April 30, 2012 was as follows:

| | Balances May 1 | Additions | Deletions | Balances April 30 |
|------------------------------------------------|-------------------|-----------|-----------|----------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Capital Assets Not Being Depreciated | | | | |
| Land | \$ 10,700 | | | 10,700 |
| Capital Assets Being Depreciated | | | | |
| Land Improvements | 23,380 | | | 23,380 |
| Buildings and Improvements | 421,664 | | | 421,664 |
| | 445,044 | - | - | 445,044 |
| Less Accumulated Depreciation For | | | | |
| Land Improvements | 14,027 | 779 | | 14,806 |
| Buildings and Improvements | 226,811 | 10,542 | | 237,353 |
| | 240,838 | 11,321 | - | 252,159 |
| Total Capital Assets Being Depreciated, Net | 204,206 | (11,321) | - | 192,885 |
| Governmental Activities Capital Assets, Net | \$ 214,906 | (11,321) | - | 203,585 |

Depreciation expense of \$11,321 was charged to Culture and Recreation.

E. Long-Term Debt

Changes in Long-Term Liabilities

| | Balances May 1 | Issuances | Retirements | Balances April 30 | Current Portion |
|------------------------------|-------------------|-----------|-------------|----------------------|--------------------|
| Compensated Absences Payable | \$ 5,297 | 1,605 | | 6,902 | 6,902 |

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

VILLAGE OF PALOS PARK, ILLINOIS

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended April 30, 2012 (With Comparative Actual)

| | 2012 | | Variance Over (Under) | 2011 Actual |
|--------------------------------------|---------------------------------|------------------|-----------------------------|------------------|
| | Original and Final Budget | Actual | | |
| Revenues | | | | |
| Taxes | | | | |
| Property Tax | \$ 1,179,421 | 1,206,448 | 27,027 | 1,232,400 |
| Utility Tax | 547,410 | 535,051 | (12,359) | 547,238 |
| Other Taxes | 245,414 | 243,637 | (1,777) | 239,702 |
| Licenses, Permits and Inspections | 466,370 | 482,653 | 16,283 | 471,279 |
| Intergovernmental | | | | |
| State Sales Tax | 645,000 | 673,639 | 28,639 | 660,319 |
| State Income Tax | 353,831 | 393,386 | 39,555 | 365,586 |
| Other | 64,000 | 67,432 | 3,432 | 15,846 |
| Charges for Services | 29,438 | 32,905 | 3,467 | 24,672 |
| Fees by Agreement | 678,999 | 660,796 | (18,203) | 652,044 |
| Fines and Forfeits | 81,200 | 64,938 | (16,262) | 81,020 |
| Investment Income | 600 | 13,097 | 12,497 | 10,940 |
| Miscellaneous | 19,522 | 23,558 | 4,036 | 20,736 |
| Total Revenues | <u>4,311,205</u> | <u>4,397,540</u> | <u>86,335</u> | <u>4,321,782</u> |
| Expenditures | | | | |
| Current | | | | |
| General Government | 656,340 | 609,448 | (46,892) | 674,934 |
| Public Safety | 1,746,859 | 1,811,942 | 65,083 | 1,816,639 |
| Public Works | 475,141 | 443,530 | (31,611) | 417,235 |
| Building and Public Grounds | 549,943 | 542,049 | (7,894) | 461,543 |
| Culture and Recreation | 274,463 | 265,226 | (9,237) | 253,616 |
| Solid Waste | 290,400 | 286,300 | (4,100) | 276,741 |
| Capital Outlay | 900 | 1,021 | 121 | 855 |
| Debt Service | | | | |
| Principal Retirement | 242,568 | 242,542 | (26) | 235,150 |
| Interest Charges and Fees | 29,282 | 29,563 | 281 | 31,972 |
| Total Expenditures | <u>4,265,896</u> | <u>4,231,621</u> | <u>(34,275)</u> | <u>4,168,685</u> |
| Excess of Revenues over Expenditures | <u>45,309</u> | <u>165,919</u> | <u>120,610</u> | <u>153,097</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 90,000 | 90,000 | | 90,000 |
| Transfers Out | (44,110) | (44,110) | | (40,000) |
| Proceeds from Sale of Assets | | 3,971 | 3,971 | |
| Total Other Financing Sources (Uses) | <u>45,890</u> | <u>49,861</u> | <u>3,971</u> | <u>50,000</u> |
| Net Change in Fund Balance | <u>\$ 91,199</u> | <u>215,780</u> | <u>124,581</u> | <u>203,097</u> |
| Fund Balance | | | | |
| Beginning | | <u>1,184,173</u> | | |
| Ending | | <u>1,399,953</u> | | |

(See accompanying Note to the Required Supplementary Information.)

VILLAGE OF PALOS PARK, ILLINOIS

Notes to Required Supplementary Information
April 30, 2012

1. Budgetary Basis of Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted (at the fund level) for the General, Special Revenue, Capital Projects, Enterprise and Police Pension Trust Funds. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year end.

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. All departments of the Village submit requests for appropriations to the Village Manager so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past two years, current year estimates and requested budget for the next fiscal year.
- b. The Village Council adopts a budget, which is the operational plan, and includes a budget for all funds utilized by the Village. The budget is presented in these financial statements.
- c. The Appropriations Ordinance, based on the budget, is published for public hearing to obtain taxpayer comment. The appropriations ordinance serves as an appropriation authorization.
- d. The Appropriations Ordinance is legally enacted through the passage of an ordinance.
- e. The Village Manager is authorized to transfer budgeted amounts between departments within any fund. However, any revision that alters the total expenditures of any fund must be approved by the Village Council.

2. Expenditures in Excess of Budget

The following funds had operating expenses/expenditures excluding depreciation in excess of budget as of April 30, 2012.

| Fund | Original and Final Budget | Expenditures |
|---------------------------------|---------------------------------|--------------|
| Police Forfeiture | \$ 144,365 | 156,944 |
| Fine Arts | | 23,511 |
| Land Acquisition and Recreation | 45,438 | 45,865 |
| 1/2% Sales Tax | 162,165 | 259,316 |
| Commuter Parking Lot | 68,026 | 70,087 |
| Police Pension | 105,000 | 106,253 |

Police Forfeiture expenditures exceeded budget due to purchase price of vehicles being more than budgeted.

1/2% Sales Tax expenditures exceeded budget due to the cost of the street resurfacing project being higher than anticipated; as well as, the sidewalk project beginning in fiscal 2012 rather than fiscal 2013.

VILLAGE OF PALOS PARK, ILLINOIS

Required Supplementary Information

Schedule of Funding Progress

April 30, 2012

Illinois Municipal Retirement Fund

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded (Overfunded) AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a)/c |
|--------------------------|-------------------------------|-------------------------------------------------|----------------------------------------|--------------------|---------------------|-------------------------------------------------|
| 12/31/2011 | \$ 1,174,913 | 2,507,935 | 1,333,022 | 46.85 % | 1,461,983 | 91.18 % |
| 12/31/2010 | 1,247,870 | 2,865,379 | 1,617,509 | 43.55 | 1,407,774 | 114.90 |
| 12/31/2009 | 2,023,261 | 3,356,107 | 1,332,846 | 60.29 | 1,454,919 | 91.61 |
| 12/31/2008 | 1,861,482 | 3,008,367 | 1,146,885 | 61.88 | 1,414,001 | 81.11 |
| 12/31/2007 | 2,234,081 | 2,763,079 | 528,998 | 80.85 | 1,209,639 | 43.73 |
| 12/31/2006 | 2,130,411 | 2,179,634 | 49,223 | 97.74 | 1,140,481 | 4.32 |

Police Pension Fund

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded (Overfunded) AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a)/c |
|--------------------------|-------------------------------|-------------------------------------------------|----------------------------------------|--------------------|---------------------|-------------------------------------------------|
| 4/30/2012 | N/A | N/A | N/A | N/A % | N/A | N/A % |
| 4/30/2011 | N/A | N/A | N/A | N/A | N/A | N/A |
| 4/30/2010 | 1,383,325 | 2,829,426 | 1,446,101 | 48.89 | 563,427 | 256.66 |
| 4/30/2009 | N/A | N/A | N/A | N/A | N/A | N/A |
| 4/30/2008 | 951,601 | 2,395,755 | 1,444,154 | 39.72 | 588,522 | 245.39 |
| 4/30/2007 | 694,196 | 1,949,220 | 1,255,024 | 35.61 | 538,269 | 233.16 |

N/A - No actuarial valuation was performed as of April 30, 2011 and 2009.

Sheriff's Law Enforcement Personnel

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded (Overfunded) AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a)/c |
|--------------------------|-------------------------------|-------------------------------------------------|----------------------------------------|--------------------|---------------------|-------------------------------------------------|
| 12/31/2011 | \$ 271,317 | 336,499 | 65,182 | 80.63 % | 111,120 | 58.66 % |
| 12/31/2010 | 237,731 | 271,311 | 33,580 | 87.62 | 101,619 | 33.05 |
| 12/31/2009 | 207,550 | 241,010 | 33,460 | 86.12 | 101,104 | 33.09 |
| 12/31/2008 | 186,793 | 204,017 | 17,224 | 91.56 | 96,726 | 17.81 |

VILLAGE OF PALOS PARK, ILLINOIS

Required Supplementary Information

Employer Contributions

April 30, 2012

Illinois Municipal Retirement Fund

| Actuarial Valuation Date | Employer Contribution | Annual Required Contribution (ARC) | Percentage Contributed |
|--------------------------------|--------------------------|---------------------------------------------|---------------------------|
| 12/31/2011 | \$ 192,397 | 192,397 | 100.00 % |
| 12/31/2010 | 169,918 | 180,899 | 93.93 |
| 12/31/2009 | 171,541 | 171,541 | 100.00 |
| 12/31/2008 | 122,594 | 122,594 | 100.00 |
| 12/31/2007 | 105,601 | 105,601 | 100.00 |
| 12/31/2006 | 93,291 | 93,291 | 100.00 |

Police Pension Fund

| Actuarial Valuation Date | Employer Contribution | Annual Required Contribution (ARC) | Percentage Contributed |
|--------------------------------|--------------------------|---------------------------------------------|---------------------------|
| 4/30/2012 | \$ 167,000 | 151,812 | 110.00 % |
| 4/30/2011 | 194,125 | 151,812 | 127.87 |
| 4/30/2010 | 147,537 | 151,812 | 97.18 |
| 4/30/2009 | 189,366 | 189,366 | 100.00 |
| 4/30/2008 | 202,122 | 163,251 | 123.81 |
| 4/30/2007 | 136,312 | 136,312 | 100.00 |

Sheriff's Law Enforcement Personnel

| Actuarial Valuation Date | Employer Contribution | Annual Required Contribution (ARC) | Percentage Contributed |
|--------------------------------|--------------------------|---------------------------------------------|---------------------------|
| 12/31/2011 | \$ 16,168 | 16,168 | 100.00 % |
| 12/31/2010 | 14,013 | 14,013 | 100.00 |
| 12/31/2009 | 13,807 | 13,807 | 100.00 |
| 12/31/2008 | 14,277 | 14,277 | 100.00 |

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

GOVERNMENTAL FUND TYPES

GENERAL FUND
(Major Fund)

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

VILLAGE OF PALOS PARK, ILLINOIS

General Fund

Balance Sheet

April 30, 2012 (With Comparative Prior Year)

| | 2012 | 2011 |
|-------------------------------------------------------------|---------------------|------------------|
| Assets | | |
| Cash and Cash Equivalents | \$ 904,165 | 671,536 |
| Investments | 251,413 | 238,794 |
| Receivables | | |
| Property Taxes | 660,352 | 661,272 |
| State Sales Taxes | 166,926 | 165,791 |
| Other Intergovernmental | 229,671 | 179,859 |
| Accounts, Net of Allowance for Uncollectible Receivables | 130,247 | 125,822 |
| Due from Component Unit | 5,763 | 9,469 |
| Prepaid Items | 63,632 | 60,215 |
| Total Assets | \$ 2,412,169 | 2,112,758 |
| Liabilities | | |
| Accounts Payable | \$ 305,079 | 259,103 |
| Deposits Payable | 5,546 | 5,993 |
| Wages Payable | 46,590 | 37,913 |
| Deferred Revenue | 655,001 | 625,576 |
| Total Liabilities | 1,012,216 | 928,585 |
| Fund Balances | | |
| Reserved for Prepaid Items | 63,632 | 60,215 |
| Unreserved | | |
| Undesignated | 1,336,321 | 1,123,958 |
| Total Fund Balances | 1,399,953 | 1,184,173 |
| Total Liabilities and Fund Balances | \$ 2,412,169 | 2,112,758 |

VILLAGE OF PALOS PARK, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual
Year Ended April 30, 2012 (With Comparative Actual)

| | 2012 | | Variance Over (Under) | 2011 Actual |
|-------------------------------------|-----------------|-----------|-----------------------------|----------------|
| | Final Budget | Actual | | |
| General Government | | | | |
| Administration | | | | |
| Wages | \$ 244,263 | 252,757 | 8,494 | 274,451 |
| Benefits | 84,198 | 75,711 | (8,487) | 79,619 |
| Insurance | 18,350 | 13,583 | (4,767) | 13,066 |
| Legal Fees | 80,000 | 50,944 | (29,056) | 82,606 |
| Consultants, Engineers and Planner | 16,000 | 205 | (15,795) | 4,695 |
| Other Contractual Services | 64,185 | 76,718 | 12,533 | 34,938 |
| Commodities | 57,675 | 57,061 | (614) | 56,785 |
| Total Administration | 564,671 | 526,979 | (37,692) | 546,160 |
| Public Affairs | | | | |
| Insurance | 1,000 | 1,126 | 126 | 1,080 |
| Legal Fees | | | | 31 |
| Consultants, Engineers and Planner | 5,000 | 94 | (4,906) | 6,053 |
| Other Contractual Services | 10,775 | 14,898 | 4,123 | 11,974 |
| Commodities | 5,200 | 2,286 | (2,914) | 2,199 |
| Total Public Affairs | 21,975 | 18,404 | (3,571) | 21,337 |
| Finance | | | | |
| Wages | 108,492 | 110,355 | 1,863 | 125,397 |
| Benefits | 37,447 | 32,120 | (5,327) | 37,771 |
| Insurance | 4,830 | 4,726 | (104) | 4,540 |
| Legal Fees | 500 | 427 | (73) | 188 |
| Consultants, Engineers and Planners | 37,450 | 37,688 | 238 | 46,886 |
| Commodities | 2,975 | 1,644 | (1,331) | 2,468 |
| Total Finance | 191,694 | 186,960 | (4,734) | 217,250 |
| Other | | | | |
| Other Contractual Services | 4,000 | 4,074 | 74 | 1,627 |
| Commodities | 1,000 | 31 | (969) | 60 |
| Total Other | 5,000 | 4,105 | (895) | 1,687 |
| Total General Government | 783,340 | 736,448 | (46,892) | 786,434 |
| Less Administrative Charges | (127,000) | (127,000) | | (111,500) |
| Net General Government | 656,340 | 609,448 | (46,892) | 674,934 |

(Cont.)

VILLAGE OF PALOS PARK, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual (Cont.)
 Year Ended April 30, 2012 (With Comparative Actual)

| | 2012 | | Variance Over (Under) | 2011 Actual |
|------------------------------------------|------------------|------------------|-----------------------------|------------------|
| | Final Budget | Actual | | |
| Public Safety | | | | |
| Wages | 1,025,274 | 1,076,917 | 51,643 | 1,021,771 |
| Benefits | 395,367 | 366,834 | (28,533) | 474,183 |
| Insurance | 47,400 | 57,046 | 9,646 | 43,191 |
| Legal Fees | 24,000 | 59,414 | 35,414 | 29,412 |
| Other Contractual Services | 138,200 | 137,582 | (618) | 147,368 |
| Commodities | 116,618 | 114,149 | (2,469) | 100,714 |
| Total Public Safety | 1,746,859 | 1,811,942 | 65,083 | 1,816,639 |
| Public Works | | | | |
| Wages | 208,751 | 199,992 | (8,759) | 176,768 |
| Benefits | 122,131 | 103,094 | (19,037) | 103,726 |
| Insurance | 15,309 | 10,348 | (4,961) | 31,290 |
| Legal Fees | 2,000 | 59 | (1,941) | 1,537 |
| Consultants, Engineers and Planners | 2,000 | 1,930 | (70) | 388 |
| Other Contractual Services | 90,750 | 95,605 | 4,855 | 69,352 |
| Commodities | 34,200 | 32,502 | (1,698) | 34,174 |
| Total Public Works | 475,141 | 443,530 | (31,611) | 417,235 |
| Building and Public Grounds | | | | |
| Building | | | | |
| Wages | 211,778 | 191,160 | (20,618) | 194,635 |
| Benefits | 94,579 | 70,705 | (23,874) | 80,987 |
| Insurance | 7,488 | 7,315 | (173) | 7,026 |
| Legal Fees | 14,000 | 20,514 | 6,514 | 12,177 |
| Consultants, Engineers and Planners | 28,000 | 33,183 | 5,183 | 28,153 |
| Other Contractual Services | 72,610 | 98,788 | 26,178 | 20,509 |
| Commodities | 6,425 | 4,765 | (1,660) | 5,466 |
| Total Building | 434,880 | 426,430 | (8,450) | 348,953 |
| Public Grounds | | | | |
| Other Contractual Services | 108,663 | 109,200 | 537 | 107,901 |
| Commodities | 6,400 | 6,419 | 19 | 4,689 |
| Total Public Grounds | 115,063 | 115,619 | 556 | 112,590 |
| Total Building and Public Grounds | 549,943 | 542,049 | (7,894) | 461,543 |

(Cont.)

VILLAGE OF PALOS PARK, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual (Cont.)
 Year Ended April 30, 2012 (With Comparative Actual)

| | 2012 | | Variance Over (Under) | 2011 Actual |
|-------------------------------------|---------------------|------------------|-----------------------------|------------------|
| | Final Budget | Actual | | |
| Culture and Recreation | | | | |
| Recreation | | | | |
| Wages | 126,240 | 126,908 | 668 | 123,315 |
| Benefits | 42,849 | 37,288 | (5,561) | 38,240 |
| Insurance | 11,124 | 10,467 | (657) | 10,053 |
| Other Contractual Services | 61,000 | 53,018 | (7,982) | 52,132 |
| Commodities | 33,250 | 33,851 | 601 | 29,876 |
| | <u>274,463</u> | <u>261,532</u> | <u>(12,931)</u> | <u>253,616</u> |
| Festivals | | | | |
| Equipment | | 3,694 | 3,694 | |
| <u>Total Culture and Recreation</u> | <u>274,463</u> | <u>265,226</u> | <u>(9,237)</u> | <u>253,616</u> |
| Solid Waste | | | | |
| Other Contractual Services | <u>290,400</u> | <u>286,300</u> | <u>(4,100)</u> | <u>276,741</u> |
| Capital Outlay | | | | |
| Administration | <u>900</u> | <u>1,021</u> | <u>121</u> | <u>855</u> |
| Debt Service | | | | |
| Administration | | | | |
| Principal Retirement | 242,568 | 242,542 | (26) | 235,150 |
| Interest Charges and Fees | 29,282 | 29,563 | 281 | 31,972 |
| <u>Total Debt Service</u> | <u>271,850</u> | <u>272,105</u> | <u>255</u> | <u>267,122</u> |
| <u>Total Expenditures</u> | <u>\$ 4,265,896</u> | <u>4,231,621</u> | <u>(34,275)</u> | <u>4,168,685</u> |

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS**

VILLAGE OF PALOS PARK, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet

April 30, 2012

| | Special Revenue | Capital Projects | Total Nonmajor Governmental Funds |
|-------------------------------------|--------------------|---------------------|--------------------------------------------|
| Assets | | | |
| Cash and Improvements | \$ 787,655 | 565,601 | 1,353,256 |
| Receivables | | | |
| Sales Tax | | 45,312 | 45,312 |
| Motor Fuel Tax Allotments | 9,410 | | 9,410 |
| Total Assets | <u>\$ 797,065</u> | <u>610,913</u> | <u>1,407,978</u> |
| Liabilities | | | |
| Accounts Payable | \$ 1,129 | 2,144 | 3,273 |
| Fund Balances | | | |
| Restricted | 593,931 | 608,769 | 1,202,700 |
| Assigned | 202,005 | | 202,005 |
| Total Fund Balances | <u>795,936</u> | <u>608,769</u> | <u>1,404,705</u> |
| Total Liabilities and Fund Balances | <u>\$ 797,065</u> | <u>610,913</u> | <u>1,407,978</u> |

(See accompanying Notes to the Financial Statements.)

VILLAGE OF PALOS PARK, ILLINOIS

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended April 30, 2012

| | Special Revenue | Capital Projects | Total Nonmajor Governmental Funds |
|------------------------------------------------------|--------------------|---------------------|--------------------------------------------|
| Revenues | | | |
| Taxes | \$ | 181,370 | 181,370 |
| Intergovernmental | 196,996 | 11,191 | 208,187 |
| Charges for Services | 16,842 | | 16,842 |
| Fines and Forfeits | 9,423 | | 9,423 |
| Investment Income | 815 | 386 | 1,201 |
| Miscellaneous | 6,257 | | 6,257 |
| Total Revenues | <u>230,333</u> | <u>192,947</u> | <u>423,280</u> |
| Expenditures | | | |
| Current | | | |
| Public Safety | 57,226 | | 57,226 |
| Public Works | 126,506 | | 126,506 |
| Building and Public Grounds | | 251,001 | 251,001 |
| Culture and Recreation | 23,511 | | 23,511 |
| Capital Outlay | 99,718 | | 99,718 |
| Debt Service | | | |
| Principal | 25,000 | 7,011 | 32,011 |
| Interest | 20,865 | 1,304 | 22,169 |
| Total Expenditures | <u>352,826</u> | <u>259,316</u> | <u>612,142</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(122,493)</u> | <u>(66,369)</u> | <u>(188,862)</u> |
| Other Financing Sources (Uses) | | | |
| Transfers In | 8,220 | 40,000 | 48,220 |
| Transfers Out | (90,000) | | (90,000) |
| Proceeds from Sale of Easements | 110,000 | | 110,000 |
| Total Other Financing Sources (Uses) | <u>28,220</u> | <u>40,000</u> | <u>68,220</u> |
| Net Change in Fund Balances | (94,273) | (26,369) | (120,642) |
| Fund Balances | | | |
| Beginning | <u>890,209</u> | <u>635,138</u> | <u>1,525,347</u> |
| Ending | <u>\$ 795,936</u> | <u>608,769</u> | <u>1,404,705</u> |

(See accompanying Notes to the Financial Statements.)

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The following funds are currently established:

The **Motor Fuel Tax Fund** is used to account for the operation of street maintenance programs and capital projects as authorized by the Illinois Department of Transportation. Financing is provided from the Village's share of gasoline taxes.

The **Police Forfeiture Fund** is used to account for seized assets confiscated by the Palos Park Police Department. These resources, which are restricted by federal regulations, can help finance specific police expenditures related to education, interdiction and training focused on the reduction of substance abuse.

The **Exaction Fee Fund** is used to account for charges for construction (and the impact of construction) that offset costs carried by the Village and other taxing bodies because of increased demand for services. Exaction fees received are intended to be spent on debt service related to transportation or recreation improvements. The Village, however, also receives exaction fees to support both grammar and high schools and the library. Fees received are forwarded directly to these organizations annually.

The **Fine Arts Fund** is used to account for a Fine Arts Committee, which is generally self-sufficient in operation. Fine Arts activities provide residents with meaningful, celebrated events related to the Arts and Humanities.

The **Land Acquisition and Recreation Fund** is used to account for the acquisition and preservation of open lands that enhance the natural setting.

VILLAGE OF PALOS PARK, ILLINOIS

Nonmajor Special Revenue Funds

Combining Balance Sheet
April 30, 2012 (With Comparative Prior Year)

(See Following Page)

VILLAGE OF PALOS PARK, ILLINOIS

Nonmajor Special Revenue Funds

Combining Balance Sheet

April 30, 2012 (With Comparative Prior Year)

| | Motor Fuel Tax | Police Forfeiture | Exaction Fee |
|--------------------------------------------|----------------------|----------------------|-----------------|
| Assets | | | |
| Cash and Cash Equivalents | \$ 192,528 | 380,396 | 12,726 |
| Motor Fuel Tax Allotments Receivable | 9,410 | | |
| Total Assets | \$ 201,938 | 380,396 | 12,726 |
| Liabilities | | | |
| Accounts Payable | \$ | 1,129 | |
| Fund Balances | | | |
| Restricted | 201,938 | 379,267 | 12,726 |
| Assigned | | | |
| Reserved for Public Safety | | | |
| Reserved for Public Works | | | |
| Reserved for Culture and Recreation | | | |
| Unreserved | | | |
| Undesignated | | | |
| Total Fund Balances | 201,938 | 379,267 | 12,726 |
| Total Liabilities and Fund Balances | \$ 201,938 | 380,396 | 12,726 |

| Fine Arts | Land Acquisition and Recreation | 2012 Total | 2011 Total |
|-----------|---------------------------------|------------|------------|
| 38,705 | 163,300 | 787,655 | 882,611 |
| | | 9,410 | 13,898 |
| 38,705 | 163,300 | 797,065 | 896,509 |
| | | 1,129 | 6,300 |
| 38,705 | 163,300 | 593,931 | 604,296 |
| | | 202,005 | 188,904 |
| | | | 48,728 |
| | | | 48,281 |
| 38,705 | 163,300 | 795,936 | 890,209 |
| 38,705 | 163,300 | 797,065 | 896,509 |

VILLAGE OF PALOS PARK, ILLINOIS

Nonmajor Special Revenue Funds

Combining Schedule of Revenues, Expenditures and
 Changes in Fund Balances
 Year Ended April 30, 2012 (With Comparative Prior Year)

| | Motor Fuel Tax | Police Forfeiture | Exaction Fee |
|------------------------------------------------------|----------------------|----------------------|-----------------|
| Revenues | | | |
| Intergovernmental | | | |
| Motor Fuel Tax Allotments | \$ 139,407 | | |
| Grant Income | | | |
| Charges for Services | | | |
| Exaction Fees | | | 7,321 |
| Event Fees | | | |
| Fines and Forfeits | | 9,423 | |
| Investment Income | 133 | 625 | |
| Miscellaneous | | 3,647 | |
| Total Revenues | <u>139,540</u> | <u>13,695</u> | <u>7,321</u> |
| Expenditures | | | |
| Current | | | |
| Public Safety | | 57,226 | |
| Public Works | 126,506 | | |
| Culture and Recreation | | | |
| Debt Service | | | |
| Principal | | | |
| Interest and Fiscal Charges | | | |
| Capital Outlay | | 99,718 | |
| Total Expenditures | <u>126,506</u> | <u>156,944</u> | <u>-</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>13,034</u> | <u>(143,249)</u> | <u>7,321</u> |
| Other Financing Sources (Uses) | | | |
| Transfers In | | 8,220 | |
| Transfers Out | | (90,000) | |
| Proceeds from Sale of Easements | | | |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(81,780)</u> | <u>-</u> |
| Net Change in Fund Balance | 13,034 | (225,029) | 7,321 |
| Fund Balance | | | |
| May 1 | <u>188,904</u> | <u>604,296</u> | <u>5,405</u> |
| April 30 | <u>\$ 201,938</u> | <u>379,267</u> | <u>12,726</u> |

| Fine Arts | Land Acquisition and Recreation | 2012 Total | 2011 Total |
|-----------|---------------------------------|------------|------------|
| | | 139,407 | 138,986 |
| 1,339 | 56,250 | 57,589 | 8,578 |
| | | 7,321 | |
| 9,521 | | 9,521 | 15,792 |
| | | 9,423 | 763,267 |
| 18 | 39 | 815 | 1,272 |
| 2,610 | | 6,257 | (503) |
| 13,488 | 56,289 | 230,333 | 927,392 |
| | | 57,226 | 46,580 |
| | | 126,506 | 91,918 |
| 23,511 | | 23,511 | 19,080 |
| | 25,000 | 25,000 | 20,000 |
| | 20,865 | 20,865 | 21,960 |
| | | 99,718 | 33,160 |
| 23,511 | 45,865 | 352,826 | 232,698 |
| (10,023) | 10,424 | (122,493) | 694,694 |
| | | 8,220 | 41,182 |
| | | (90,000) | (131,182) |
| | 110,000 | 110,000 | |
| - | 110,000 | 28,220 | (90,000) |
| (10,023) | 120,424 | (94,273) | 604,694 |
| 48,728 | 42,876 | 890,209 | 285,515 |
| 38,705 | 163,300 | 795,936 | 890,209 |

VILLAGE OF PALOS PARK, ILLINOIS

Motor Fuel Tax Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2012 (With Comparative Actual)

| | 2012 | | Variance Over (Under) | 2011 Actual |
|----------------------------|-----------------|----------------|-----------------------------|----------------|
| | Final Budget | Actual | | |
| Revenues | | | | |
| Motor Fuel Taxes | \$ 142,250 | 139,407 | (2,843) | 138,986 |
| Investment Income | 250 | 133 | (117) | 222 |
| Total Revenues | <u>142,500</u> | <u>139,540</u> | <u>(2,960)</u> | <u>139,208</u> |
| Expenditures | | | | |
| Current | | | | |
| Public Works | | | | |
| Supplies | 75,000 | 51,506 | (23,494) | 43,087 |
| Contractual Services | 2,500 | | (2,500) | 2,706 |
| Capital Outlay | 65,000 | 75,000 | 10,000 | 46,125 |
| Total Expenditures | <u>142,500</u> | <u>126,506</u> | <u>(15,994)</u> | <u>91,918</u> |
| Net Change in Fund Balance | <u>\$ -</u> | 13,034 | <u>13,034</u> | 47,290 |
| Fund Balance | | | | |
| May 1 | | <u>188,904</u> | | <u>141,614</u> |
| April 30 | | <u>201,938</u> | | <u>188,904</u> |

VILLAGE OF PALOS PARK, ILLINOIS

Police Forfeiture Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2012 (With Comparative Actual)

| | 2012 | | Variance Over (Under) | 2011 Actual |
|--------------------------------------------------------------|---------------------|------------------|-----------------------------|-----------------|
| | Final Budget | Actual | | |
| Revenues | | | | |
| Fines and Forfeits | \$ 75,000 | 9,423 | (65,577) | 763,267 |
| Investment Income | 1,000 | 625 | (375) | 899 |
| Miscellaneous | | 3,647 | 3,647 | |
| Total Revenues | 76,000 | 13,695 | (62,305) | 764,166 |
| Expenditures | | | | |
| Current | | | | |
| Police | | | | |
| Supplies | 45,865 | 17,078 | (28,787) | 34,155 |
| Contractual Services | 5,000 | 40,148 | 35,148 | 12,425 |
| Capital Outlay | 93,500 | 99,718 | 6,218 | 33,160 |
| Total Expenditures | 144,365 | 156,944 | 12,579 | 79,740 |
| Excess (Deficiency) of Revenues over Expenditures | (68,365) | (143,249) | (74,884) | 684,426 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | | 8,220 | 8,220 | |
| Transfers Out | (90,000) | (90,000) | | (90,000) |
| Total Other Financing Sources (Uses) | (90,000) | (81,780) | 8,220 | (90,000) |
| Net Change in Fund Balance | \$ (158,365) | (225,029) | (66,664) | 594,426 |
| Fund Balance | | | | |
| May 1 | | 604,296 | | 9,870 |
| April 30 | | 379,267 | | 604,296 |

VILLAGE OF PALOS PARK, ILLINOIS

Exaction Fee Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2012 (With Comparative Actual)

| | 2012 | | Variance Over (Under) | 2011 Actual |
|----------------------------|--------------------|---------------|-----------------------------|----------------|
| | Final Budget | Actual | | |
| Revenues | | | | |
| Charges for Services | | | | |
| Exaction Fees | \$ | 7,321 | 7,321 | |
| Investment Income | | | | 64 |
| Total Revenues | - | 7,321 | 7,321 | 64 |
| Other Financing Uses | | | | |
| Transfers Out | (45,438) | | 45,438 | (41,182) |
| Net Change in Fund Balance | <u>\$ (45,438)</u> | 7,321 | <u>52,759</u> | (41,118) |
| Fund Balance | | | | |
| May 1 | | <u>5,405</u> | | <u>46,523</u> |
| April 30 | | <u>12,726</u> | | <u>5,405</u> |

VILLAGE OF PALOS PARK, ILLINOIS

Fine Arts Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2012 (With Comparative Actual)

| | 2012 | | Variance Over (Under) | 2011 Actual |
|----------------------------|-----------------|----------|-----------------------------|----------------|
| | Final Budget | Actual | | |
| Revenues | | | | |
| Intergovernmental | | | | |
| Grant Income | \$ | 1,339 | 1,339 | 8,578 |
| Charges for Services | | | | |
| Event Fees | | 9,521 | 9,521 | 15,792 |
| Investment Income | | 18 | 18 | 53 |
| Miscellaneous | | 2,610 | 2,610 | (503) |
| Total Revenues | - | 13,488 | 13,488 | 23,920 |
| Expenditures | | | | |
| Current | | | | |
| Culture and Recreation | | | | |
| Contractual Services | | 23,511 | 23,511 | 19,080 |
| Net Change in Fund Balance | \$ - | (10,023) | (10,023) | 4,840 |
| Fund Balance | | | | |
| May 1 | | 48,728 | | 43,888 |
| April 30 | | 38,705 | | 48,728 |

VILLAGE OF PALOS PARK, ILLINOIS

Land Acquisition and Recreation Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2012 (With Comparative Actual)

| | 2012 | | Variance Over (Under) | 2011 Actual |
|------------------------------------------------------|-----------------|---------|-----------------------------|----------------|
| | Final Budget | Actual | | |
| Revenues | | | | |
| Intergovernmental | \$ | 56,250 | 56,250 | |
| Investment Income | | 39 | 39 | 34 |
| Total Revenues | - | 56,289 | 56,289 | 34 |
| Expenditures | | | | |
| Debt Service | | | | |
| Principal | 25,000 | 25,000 | | 20,000 |
| Interest and Fiscal Charges | 20,438 | 20,865 | 427 | 21,960 |
| Total Expenditures | 45,438 | 45,865 | 427 | 41,960 |
| Excess (Deficiency) of Revenues over Expenditures | (45,438) | 10,424 | 55,862 | (41,926) |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 45,438 | | (45,438) | 41,182 |
| Proceeds from Sale of Easements | | 110,000 | 110,000 | |
| Total Other Financing Sources (Uses) | 45,438 | 110,000 | 64,562 | 41,182 |
| Net Change in Fund Balance | \$ - | 120,424 | 120,424 | (744) |
| Fund Balance | | | | |
| May 1 | | 42,876 | | 43,620 |
| April 30 | | 163,300 | | 42,876 |

NONMAJOR CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. The following funds are currently established:

The **Capital Improvements Fund** is used to account for significant capital improvements such as street reconstruction, central water and sewer undertakings, Village Green and municipal building renovations and other major projects that enhance community life within the Village and surrounds.

The **½% Sales Tax Fund** is used to account for the proceeds of non-home rule sales tax.

VILLAGE OF PALOS PARK, ILLINOIS

Nonmajor Capital Projects Funds

Combining Balance Sheet

April 30, 2012 (With Comparative Prior Year)

| | Capital Improvements | 1/2% Sales Tax | 2012 Total | 2011 Total |
|----------------------------------------|-------------------------|-------------------|----------------|----------------|
| Assets | | | | |
| Cash and Investments | \$ 351,944 | 213,657 | 565,601 | 563,604 |
| Receivables | | | | |
| Sales Tax | | 45,312 | 45,312 | 76,144 |
| Total Assets | <u>\$ 351,944</u> | <u>258,969</u> | <u>610,913</u> | <u>639,748</u> |
| Liabilities | | | | |
| Accounts Payable | \$ | 2,144 | 2,144 | 4,610 |
| Fund Balances | | | | |
| Restricted | 351,944 | 256,825 | 608,769 | |
| Unreserved | | | | |
| Undesignated | | | | 635,138 |
| Total Liabilities and Fund Balances | <u>\$ 351,944</u> | <u>258,969</u> | <u>610,913</u> | <u>639,748</u> |

VILLAGE OF PALOS PARK, ILLINOIS

Nonmajor Capital Projects Funds

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended April 30, 2012 (With Comparative Prior Year)

| | Capital Improvements | 1/2% Sales Tax | 2012 Total | 2011 Total |
|--------------------------------------------------------------|-------------------------|-------------------|-----------------|----------------|
| Revenues | | | | |
| Taxes | \$ | 181,370 | 181,370 | 175,847 |
| Intergovernmental | | 11,191 | 11,191 | |
| Investment Income | 214 | 172 | 386 | 806 |
| Total Revenues | 214 | 192,733 | 192,947 | 176,653 |
| Expenditures | | | | |
| Current | | | | |
| Building and Public Grounds | | 251,001 | 251,001 | 106,584 |
| Debt Service | | | | |
| Principal | | 7,011 | 7,011 | 3,405 |
| Interest and Fiscal Charges | | 1,304 | 1,304 | 752 |
| Total Expenditures | - | 259,316 | 259,316 | 110,741 |
| Excess (Deficiency) of Revenues over Expenditures | 214 | (66,583) | (66,369) | 65,912 |
| Other Financing Sources | | | | |
| Loan Proceeds | | | | 37,300 |
| Transfers In | 40,000 | | 40,000 | 40,000 |
| Total Other Financing Sources | 40,000 | - | 40,000 | 77,300 |
| Net Change in Fund Balances | 40,214 | (66,583) | (26,369) | 143,212 |
| Fund Balances | | | | |
| Beginning | 311,730 | 323,408 | 635,138 | 491,926 |
| Ending | \$ 351,944 | 256,825 | 608,769 | 635,138 |

VILLAGE OF PALOS PARK, ILLINOIS

Capital Improvements Fund

Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended April 30, 2012 (With Comparative Actual)

| | 2012 | | Variance Over (Under) | 2011 Actual |
|----------------------------|------------------|----------------|-----------------------------|----------------|
| | Final Budget | Actual | | |
| Revenues | | | | |
| Investment Income | \$ 300 | 214 | (86) | 440 |
| Other Financing Sources | | | | |
| Transfers In | 40,000 | 40,000 | | 40,000 |
| Net Change in Fund Balance | <u>\$ 40,300</u> | 40,214 | <u>(86)</u> | 40,440 |
| Fund Balance | | | | |
| May 1 | | <u>311,730</u> | | <u>271,290</u> |
| April 30 | | <u>351,944</u> | | <u>311,730</u> |

VILLAGE OF PALOS PARK, ILLINOIS

1/2% Sales Tax Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2012 (With Comparative Actual)

| | 2012 | | Variance Over (Under) | 2011 Actual |
|------------------------------------------------------|-----------------|-----------------|-----------------------------|----------------|
| | Final Budget | Actual | | |
| Revenues | | | | |
| Taxes | | | | |
| Sales Tax | \$ 161,725 | 181,370 | 19,645 | 175,847 |
| Intergovernmental | | 11,191 | 11,191 | |
| Investment Income | 440 | 172 | (268) | 366 |
| Total Revenues | <u>162,165</u> | <u>192,733</u> | <u>30,568</u> | <u>176,213</u> |
| Expenditures | | | | |
| Current | | | | |
| Building and Public Grounds | | | | |
| Contractual Services | 8,000 | 19,687 | 11,687 | 6,417 |
| Supplies | 15,950 | 16,440 | 490 | 11,777 |
| Capital Outlays | 128,595 | 214,874 | 86,279 | 88,390 |
| Debt Service | | | | |
| Principal | 8,315 | 7,011 | (1,304) | 3,405 |
| Interest and Fiscal Charges | 1,305 | 1,304 | (1) | 752 |
| Total Expenditures | <u>162,165</u> | <u>259,316</u> | <u>97,151</u> | <u>110,741</u> |
| Excess (Deficiency) of Revenues over Expenditures | - | (66,583) | (66,583) | 65,472 |
| Other Financing Sources | | | | |
| Loan Proceeds | | | | <u>37,300</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>(66,583)</u> | <u>(66,583)</u> | 102,772 |
| Fund Balance | | | | |
| May 1 | | <u>323,408</u> | | <u>220,636</u> |
| April 30 | | <u>256,825</u> | | <u>323,408</u> |

PROPRIETARY FUND TYPE

ENTERPRISE FUNDS

MAJOR ENTERPRISE FUNDS

The **Water Fund** accounts for the provision of water to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt services and billing and collection.

The **Sewer Maintenance Fund** accounts for the provision of sanitary sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services and billing and collection.

VILLAGE OF PALOS PARK, ILLINOIS

Water Fund (Major Fund)

Statement of Net Assets

April 30, 2012 (With Comparative Prior Year)

| | 2012 | 2011 |
|---------------------------------------------------------------------|----------------------|-------------------|
| Assets | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 1,478,293 | 1,248,432 |
| Investments | 107,748 | 102,340 |
| Accounts Receivable, Net of Allowance for Uncollectible Accounts | 234,559 | 193,203 |
| Intergovernmental Receivable | | 1,745 |
| Prepaid Expenses | 7,190 | 6,837 |
| Total Current Assets | 1,827,790 | 1,552,557 |
| Capital Assets | | |
| Capital Assets Not Being Depreciated | 20,000 | 20,000 |
| Capital Assets Being Depreciated, Cost | 18,426,528 | 18,416,295 |
| Less Accumulated Depreciation | (6,321,694) | (5,857,125) |
| Total Capital Assets | 12,124,834 | 12,579,170 |
| Other Assets | | |
| Bond Issuance Costs | 36,797 | 38,151 |
| Total Assets | 13,989,421 | 14,169,878 |
| Liabilities | | |
| Current Liabilities | | |
| Accounts Payable | 67,386 | 46,605 |
| Wages Payable | 7,115 | 4,781 |
| Accrued Interest | 29,107 | 30,111 |
| Compensated Absences Payable | 3,534 | 9,460 |
| General Obligation Bonds Payable | 86,400 | 86,700 |
| Special Assessment Bonds Payable | 37,710 | 37,710 |
| Other Debt Obligations | 3,650 | 3,505 |
| Total Current Liabilities | 234,902 | 218,872 |
| Long-Term Liabilities | | |
| Compensated Absences Payable | 17,611 | 8,389 |
| General Obligation Bonds Payable | 1,787,456 | 1,873,556 |
| Special Assessment Bonds Payable | 207,781 | 245,491 |
| Other Debt Obligations | 9,792 | 13,442 |
| Total Long-Term Liabilities | 2,022,640 | 2,140,878 |
| Total Liabilities | 2,257,542 | 2,359,750 |
| Net Assets | | |
| Invested in Capital Assets, Net of Related Debt | 9,992,045 | 10,318,766 |
| Unrestricted | 1,739,834 | 1,491,362 |
| Total Net Assets | \$ 11,731,879 | 11,810,128 |

VILLAGE OF PALOS PARK, ILLINOIS

Water Fund (Major Fund)

Schedule of Operating and Nonoperating Revenues, Operating and
Nonoperating Expenses and Transfers - Budget and Actual
Year Ended April 30, 2012 (With Comparative Actual)

| | 2012 | | Variance Over (Under) | 2011 Actual |
|-----------------------------------------------|-------------------|-------------------|-----------------------------|--------------------|
| | Budget | Actual | | |
| Operating Revenues | | | | |
| Charges for Services | \$ 1,632,520 | 1,592,551 | (39,969) | 1,592,479 |
| Sale of Water Meters | 4,500 | 5,005 | 505 | 7,135 |
| Other Income | 26,400 | 33,184 | 6,784 | 40,368 |
| Total Operating Revenues | <u>1,663,420</u> | <u>1,630,740</u> | <u>(32,680)</u> | <u>1,639,982</u> |
| Operating Expenses | | | | |
| Personnel | 447,810 | 421,257 | (26,553) | 326,156 |
| Commodities | 26,250 | 20,798 | (5,452) | 20,791 |
| Water Purchases | 420,000 | 374,905 | (45,095) | 363,872 |
| Services | 407,635 | 333,799 | (73,836) | 393,444 |
| Capital Outlay | 16,750 | 29,322 | 12,572 | 1,984,397 |
| Total Operating Expenses | <u>1,318,445</u> | <u>1,180,081</u> | <u>(138,364)</u> | <u>3,088,660</u> |
| Operating Income (Loss) | <u>344,975</u> | <u>450,659</u> | <u>105,684</u> | <u>(1,448,678)</u> |
| Nonoperating Revenues (Expenses) | | | | |
| Investment Income | 1,700 | 6,134 | 4,434 | 6,815 |
| Rental Income | 32,835 | 39,769 | 6,934 | 32,835 |
| Tap-on Fees | 16,803 | | (16,803) | |
| Bond Proceeds | | | | 1,729,145 |
| Debt Principal Payment | (128,868) | (127,615) | 1,253 | (123,813) |
| Interest Expense | (89,668) | (86,833) | 2,835 | (87,334) |
| Total Nonoperating Revenues (Expenses) | <u>(167,198)</u> | <u>(168,545)</u> | <u>(1,347)</u> | <u>1,557,648</u> |
| Net Income Before Transfers | <u>177,777</u> | <u>282,114</u> | <u>104,337</u> | <u>108,970</u> |
| Transfers Out | <u>(20,000)</u> | <u>(22,055)</u> | <u>(2,055)</u> | <u>(10,000)</u> |
| Net Income (Budgetary Basis) | <u>\$ 157,777</u> | <u>260,059</u> | <u>102,282</u> | <u>98,970</u> |
| Adjustments to GAAP Basis | | | | |
| Bond Proceeds | | | | (1,729,145) |
| Debt Principal Payment | | 127,615 | | 123,813 |
| Capitalized Assets | | | | 1,984,371 |
| Depreciation | | (465,923) | | (464,899) |
| | | <u>(338,308)</u> | | <u>(85,860)</u> |
| Net Income (Loss) - GAAP Basis | | <u>(78,249)</u> | | <u>13,110</u> |
| Net Assets | | | | |
| Beginning | | <u>11,810,128</u> | | <u>11,797,018</u> |
| Ending | | <u>11,731,879</u> | | <u>11,810,128</u> |

VILLAGE OF PALOS PARK, ILLINOIS

Sewer Maintenance Fund (Major Fund)

Statement of Net Assets

April 30, 2012 (With Comparative Prior Year)

| | 2012 | 2011 |
|---------------------------------------------------------------------|----------------------|--------------------|
| Assets | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 530,240 | 446,561 |
| Accounts Receivable, Net of Allowance for Uncollectible Accounts | 58,820 | 50,175 |
| Intergovernmental Receivable | | 613 |
| Prepaid Expenses | 6,382 | 6,066 |
| Total Current Assets | <u>595,442</u> | <u>503,415</u> |
| Capital Assets | | |
| Capital Assets Being Depreciated, Cost | 17,032,384 | 17,032,384 |
| Less Accumulated Depreciation | <u>(6,593,574)</u> | <u>(6,141,863)</u> |
| Total Capital Assets | <u>10,438,810</u> | <u>10,890,521</u> |
| Total Assets | <u>11,034,252</u> | <u>11,393,936</u> |
| Liabilities | | |
| Current Liabilities | | |
| Accounts Payable | 3,646 | 8,562 |
| Wages Payable | 2,470 | 2,837 |
| Accrued Interest | 4,872 | 5,350 |
| Compensated Absences Payable | 1,594 | 3,801 |
| General Obligation Bonds Payable | 33,600 | 33,300 |
| Other Debt Obligations | 3,651 | 3,505 |
| Total Current Liabilities | <u>49,833</u> | <u>57,355</u> |
| Long-Term Liabilities | | |
| Compensated Absences Payable | 6,377 | 3,370 |
| General Obligation Bonds Payable | 267,544 | 301,444 |
| Other Debt Obligations | 9,791 | 13,442 |
| Total Long-Term Liabilities | <u>283,712</u> | <u>318,256</u> |
| Total Liabilities | <u>333,545</u> | <u>375,611</u> |
| Net Assets | | |
| Invested in Capital Assets, Net of Related Debt | 10,124,224 | 10,538,830 |
| Unrestricted | <u>576,483</u> | <u>479,495</u> |
| Total Net Assets | <u>\$ 10,700,707</u> | <u>11,018,325</u> |

VILLAGE OF PALOS PARK, ILLINOIS

Sewer Maintenance Fund (Major Fund)

Schedule of Operating and Nonoperating Revenues, Operating and Nonoperating Expenses and Transfers - Budget and Actual Year Ended April 30, 2012 (With Comparative Actual)

| | 2012 | | Variance Over (Under) | 2011 Actual |
|----------------------------------------|------------|------------|-----------------------------|----------------|
| | Budget | Actual | | |
| Operating Revenues | | | | |
| Charges for Services | \$ 475,420 | 484,282 | 8,862 | 478,066 |
| Other Income | 1,000 | 1,113 | 113 | 5,551 |
| Total Operating Revenues | 476,420 | 485,395 | 8,975 | 483,617 |
| Operating Expenses | | | | |
| Personnel | 188,290 | 167,099 | (21,191) | 158,318 |
| Commodities | 37,800 | 20,446 | (17,354) | 30,039 |
| Services | 235,425 | 168,589 | (66,836) | 163,363 |
| Capital Outlay | | | | 18,676 |
| Total Operating Expenses | 461,515 | 356,134 | (105,381) | 370,396 |
| Operating Income | 14,905 | 129,261 | 114,356 | 113,221 |
| Nonoperating Revenues (Expenses) | | | | |
| Investment Income | 750 | 328 | (422) | 625 |
| Tap-on Fees | 22,573 | | (22,573) | 14,814 |
| Loan Proceeds | | | | 18,650 |
| Debt Principal Payment | (37,158) | (37,105) | 53 | (32,303) |
| Interest Expense | (13,683) | (13,441) | 242 | (14,516) |
| Total Nonoperating Revenues (Expenses) | (27,518) | (50,218) | (22,700) | (12,730) |
| Net Income (Loss) Before Transfers | (12,613) | 79,043 | 91,656 | 100,491 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 20,000 | 20,000 | | 10,000 |
| Transfers Out | | (2,055) | (2,055) | |
| Total Other Financing Sources (Uses) | 20,000 | 17,945 | (2,055) | 10,000 |
| Net Income (Budgetary Basis) | \$ 7,387 | 96,988 | 89,601 | 110,491 |
| Adjustments to GAAP Basis | | | | |
| Debt Principal Payment | | 37,105 | | 32,303 |
| Capitalized Assets | | | | 18,650 |
| Depreciation | | (451,711) | | (451,437) |
| Loan Proceeds | | | | (18,650) |
| | | (414,606) | | (419,134) |
| Net Loss - GAAP Basis | | (317,618) | | (308,643) |
| Net Assets | | | | |
| Beginning | | 11,018,325 | | 11,326,968 |
| Ending | | 10,700,707 | | 11,018,325 |

NONMAJOR ENTERPRISE FUND

The **Commuter Parking Lot Fund** is used to account for the provision of public parking services. All activities are accounted for in this fund, including, but not limited to, administration, operations, capital construction, financing, and revenue collection.

VILLAGE OF PALOS PARK, ILLINOIS

Commuter Parking Lot Fund (Nonmajor Fund)

Statement of Net Assets

April 30, 2012 (With Comparative Prior Year)

| | <u>2012</u> | <u>2011</u> |
|---------------------------|------------------|---------------|
| Assets | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 45,126 | 26,279 |
| Prepaid Expenses | 1,164 | 1,106 |
| Total Current Assets | <u>46,290</u> | <u>27,385</u> |
| Liabilities | | |
| Current Liabilities | | |
| Accounts Payable | <u>6,903</u> | <u>4,453</u> |
| Net Assets | | |
| Unrestricted | <u>\$ 39,387</u> | <u>22,932</u> |

VILLAGE OF PALOS PARK, ILLINOIS

Commuter Parking Lot Fund (Nonmajor)

Schedule of Operating and Nonoperating Revenues, Operating and
 Nonoperating Expenses and Transfers - Budget and Actual
 Year Ended April 30, 2012 (With Comparative Actual)

| | 2012 | | Variance Over (Under) | 2011 Actual |
|--------------------------|-----------------|---------------|-----------------------------|----------------|
| | Budget | Actual | | |
| Operating Revenues | | | | |
| Charges for Services | \$ 72,000 | 86,417 | 14,417 | 82,105 |
| Operating Expenses | | | | |
| Commodities | 17,800 | 14,397 | (3,403) | 13,230 |
| Services | 50,226 | 55,137 | 4,911 | 58,997 |
| Capital Outlay | | 553 | 553 | 4,476 |
| Total Operating Expenses | 68,026 | 70,087 | 2,061 | 76,703 |
| Operating Income | 3,974 | 16,330 | 12,356 | 5,402 |
| Nonoperating Revenues | | | | |
| Investment Income | 100 | 125 | 25 | 76 |
| Net Income | <u>\$ 4,074</u> | 16,455 | <u>12,381</u> | 5,478 |
| Net Assets | | | | |
| Beginning | | <u>22,932</u> | | <u>17,454</u> |
| Ending | | <u>39,387</u> | | <u>22,932</u> |

FIDUCIARY FUNDS

TRUST AND AGENCY FUNDS

Trust and Agency Funds are used to account for assets held by the Village in a fiduciary capacity. The following funds are currently established:

The **Police Pension Fund** is used to account for the accumulation of resources to pay pension costs. Resources are contributed by police force members at rates fixed by state statutes and by the Village through an annual property tax levy.

Agency Funds are used to account for the accumulation of resources and payment of principal and interest on no commitment special assessment bonds.

VILLAGE OF PALOS PARK, ILLINOIS

Police Pension Fund

Schedule of Changes in Fiduciary Net Assets - Budget and Actual
Year Ended April 30, 2012 (With Comparative Actual)

| | 2012 | | Variance Over (Under) | 2011 Actual |
|-----------------------------|-------------------|------------------|-----------------------------|------------------|
| | Budget | Actual | | |
| Additions | | | | |
| Contributions | | | | |
| Employer | \$ 175,000 | 167,000 | (8,000) | 194,125 |
| Participants | 48,500 | 53,100 | 4,600 | 50,912 |
| Total Contributions | <u>223,500</u> | <u>220,100</u> | <u>(3,400)</u> | <u>245,037</u> |
| Investment Income | | | | |
| Investment Income | 55,000 | 96,753 | 41,753 | 77,912 |
| Less Investment Expenses | (5,500) | (6,353) | (853) | (6,176) |
| Total Investment Income | <u>49,500</u> | <u>90,400</u> | <u>40,900</u> | <u>71,736</u> |
| Total Additions | <u>273,000</u> | <u>310,500</u> | <u>37,500</u> | <u>316,773</u> |
| Deductions | | | | |
| Benefits | 103,000 | 104,736 | 1,736 | 116,586 |
| Administration | 2,000 | 1,517 | (483) | 2,103 |
| Total Deductions | <u>105,000</u> | <u>106,253</u> | <u>1,253</u> | <u>118,689</u> |
| Change in Net Assets | <u>\$ 168,000</u> | <u>204,247</u> | <u>38,753</u> | <u>198,084</u> |
| Net Assets | | | | |
| Beginning | | <u>1,581,409</u> | | <u>1,383,325</u> |
| Ending | | <u>1,785,656</u> | | <u>1,581,409</u> |

VILLAGE OF PALOS PARK, ILLINOIS

Agency Funds

Schedule of Changes in Assets and Liabilities
Year Ended April 30, 2012

| | Balances May 1 | Additions | Deletions | Balances April 30 |
|---------------------------------------|-------------------|-----------|-----------|----------------------|
| SPECIAL ASSESSMENT FUND #9 | | | | |
| Assets | | | | |
| Cash and Cash Equivalents | \$ 121,337 | 1 | | 121,338 |
| Liabilities | | | | |
| Due to Bondholders | \$ 121,337 | 1 | | 121,338 |
| SPECIAL ASSESSMENT FUND #11 | | | | |
| Assets | | | | |
| Cash and Cash Equivalents | \$ 91,989 | 1 | | 91,990 |
| Liabilities | | | | |
| Due to Bondholders | \$ 91,989 | 1 | | 91,990 |
| SPECIAL ASSESSMENT FUND #12 | | | | |
| Assets | | | | |
| Cash and Cash Equivalents | \$ 182,508 | 1 | | 182,509 |
| Liabilities | | | | |
| Due to Bondholders | \$ 182,508 | 1 | | 182,509 |
| SPECIAL ASSESSMENT FUND #93-1 | | | | |
| Assets | | | | |
| Cash and Cash Equivalents | \$ 548,784 | 4 | 200 | 548,588 |
| Liabilities | | | | |
| Due to Bondholders | \$ 548,784 | 4 | 200 | 548,588 |
| SPECIAL ASSESSMENT FUND #96-1A | | | | |
| Assets | | | | |
| Cash and Cash Equivalents | \$ 68,786 | 71,438 | 17,174 | 123,050 |
| Liabilities | | | | |
| Due to Bondholders | \$ 68,786 | 71,438 | 17,174 | 123,050 |

(Cont.)

VILLAGE OF PALOS PARK, ILLINOIS

Agency Funds

Schedule of Changes in Assets and Liabilities
Year Ended April 30, 2012

| | Balances May 1 | Additions | Deletions | Balances April 30 |
|---------------------------------------|-------------------|-----------|-----------|----------------------|
| SPECIAL ASSESSMENT FUND #96-1B | | | | |
| Assets | | | | |
| Cash and Cash Equivalents | \$ 289,809 | 187,517 | 55,242 | 422,084 |
| Liabilities | | | | |
| Due to Bondholders | \$ 289,809 | 187,517 | 55,242 | 422,084 |
| SPECIAL ASSESSMENT FUND #13A | | | | |
| Assets | | | | |
| Cash and Cash Equivalents | \$ 364,841 | 79,364 | 93,030 | 351,175 |
| Liabilities | | | | |
| Due to Bondholders | \$ 364,841 | 79,364 | 93,030 | 351,175 |
| SPECIAL ASSESSMENT FUND #13B | | | | |
| Assets | | | | |
| Cash and Cash Equivalents | \$ 784,443 | 217,140 | 249,783 | 751,800 |
| Liabilities | | | | |
| Due to Bondholders | \$ 784,443 | 217,140 | 249,783 | 751,800 |
| TOTAL ALL AGENCY FUNDS | | | | |
| Assets | | | | |
| Cash and Cash Equivalents | \$ 2,452,497 | 555,466 | 415,429 | 2,592,534 |
| Liabilities | | | | |
| Due to Bondholders | \$ 2,452,497 | 555,466 | 415,429 | 2,592,534 |

**COMPONENT UNIT
PALOS PARK PUBLIC LIBRARY**

VILLAGE OF PALOS PARK, ILLINOIS

Palos Park Public Library - Component Unit

Schedule of Net Assets and
Governmental Funds Balance Sheet
April 30, 2012

| | General Fund | Adjustments | Statement of Net Assets |
|----------------------------------------------------------------------|-------------------|----------------|----------------------------|
| Assets | | | |
| Cash and Investments | \$ 676,397 | | 676,397 |
| Receivables | | | |
| Property Taxes, Net of Allowance for Losses and Costs | 216,683 | | 216,683 |
| Grants | 4,971 | | 4,971 |
| Capital Assets Not Being Depreciated | | 10,700 | 10,700 |
| Capital Assets Being Depreciated, Net of Accumulated Depreciation | | 192,885 | 192,885 |
| Total Assets | \$ 898,051 | 203,585 | 1,101,636 |
| Liabilities | | | |
| Wages Payable | \$ 5,734 | | 5,734 |
| Due to Primary Government | 5,763 | | 5,763 |
| Compensated Absences | | 6,902 | 6,902 |
| Deferred Revenue | 213,630 | | 213,630 |
| Total Liabilities | 225,127 | 6,902 | 232,029 |
| Fund Balances | | | |
| Invested in Capital Assets | | 203,585 | 203,585 |
| Reserved for Culture and Recreation | 672,924 | (6,902) | 666,022 |
| Total Fund Balances | 672,924 | 196,683 | 869,607 |
| Total Liabilities and Fund Balances/Net Assets | \$ 898,051 | 203,585 | 1,101,636 |

VILLAGE OF PALOS PARK, ILLINOIS

Palos Park Public Library - Component Unit

Schedule of Revenues, Expenditures and Changes
in Fund Balance/Net Assets
Year Ended April 30, 2012

| | General Fund | Adjustments | Statement of Activities |
|---------------------------------------|-----------------|-------------|----------------------------|
| Revenues | | | |
| Property Taxes | \$ 382,109 | | 382,109 |
| Personal Property Replacement Taxes | 5,033 | | 5,033 |
| Grants | 4,971 | | 4,971 |
| Fees for Service | 22,149 | | 22,149 |
| Fines | 3,458 | | 3,458 |
| Investment Income | 15,764 | | 15,764 |
| Other Income | 7,269 | | 7,269 |
| Total Revenues | 440,753 | - | 440,753 |
| Expenditures | | | |
| Current | | | |
| Culture and Recreation | | | |
| Wages | 195,968 | 1,605 | 197,573 |
| Fringe Benefits | 57,688 | | 57,688 |
| Insurance | 8,290 | | 8,290 |
| Contractual Services | 109,258 | | 109,258 |
| Commodities | 55,006 | | 55,006 |
| Capital Outlay | 411 | | 411 |
| Depreciation | | 11,321 | 11,321 |
| Total Expenditures | 426,621 | 12,926 | 439,547 |
| Net Change in Fund Balance/Net Assets | 14,132 | (12,926) | 1,206 |
| Fund Balance/Net Assets | | | |
| May 1 | 658,792 | 209,609 | 868,401 |
| April 30 | \$ 672,924 | 196,683 | 869,607 |

VILLAGE OF PALOS PARK, ILLINOIS

Palos Park Public Library - Component Unit - General Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance
Year Ended April 30, 2012

| | 2012 | | Variance Over (Under) | 2011 Actual |
|-------------------------------------|----------------|----------------|-----------------------------|----------------|
| | Budget | Actual | | |
| Revenues | | | | |
| Property Taxes | \$ 381,976 | 382,109 | 133 | 365,926 |
| Personal Property Replacement Taxes | 5,600 | 5,033 | (567) | 5,579 |
| Grants | 4,800 | 4,971 | 171 | 4,798 |
| Fees for Service | 15,700 | 22,149 | 6,449 | 15,747 |
| Fines | 3,500 | 3,458 | (42) | 3,664 |
| Investment Income | 12,600 | 15,764 | 3,164 | 8,835 |
| Other Income | 12,624 | 7,269 | (5,355) | 2,551 |
| Total Revenues | <u>436,800</u> | <u>440,753</u> | <u>3,953</u> | <u>407,100</u> |
| Expenditures | | | | |
| Current | | | | |
| Culture and Recreation | | | | |
| Wages | 195,700 | 195,968 | 268 | 178,997 |
| Fringe Benefits | 61,000 | 57,688 | (3,312) | 51,250 |
| Insurance | 10,000 | 8,290 | (1,710) | 8,756 |
| Contractual Services | 105,050 | 109,258 | 4,208 | 92,434 |
| Commodities | 64,550 | 55,006 | (9,544) | 49,452 |
| Capital Outlay | 500 | 411 | (89) | 262 |
| Total Expenditures | <u>436,800</u> | <u>426,621</u> | <u>(10,179)</u> | <u>381,151</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>14,132</u> | <u>14,132</u> | <u>25,949</u> |
| Fund Balance/Net Assets | | | | |
| May 1 | | <u>658,792</u> | | <u>632,843</u> |
| April 30 | | <u>672,924</u> | | <u>658,792</u> |

SUPPLEMENTAL INFORMATION

VILLAGE OF PALOS PARK, ILLINOIS

Long-Term Debt Requirements

Series 2002 Certificates

April 30, 2012

| | |
|-----------------------|---------------------------------|
| Date of Issue | March 26, 2002 |
| Original Principal | \$ 300,000 |
| Date of Maturity | January 1, 2017 |
| Interest Rate | 1.80% to 5.05% |
| Principal Payments | January 1 |
| Interest Payments | January 1 and July 1 |
| Financial Institution | BNY Mellon Chicago, Illinois |

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Year Ending April 30 | Principal | Interest | Total |
|----------------------------|-------------------|---------------|----------------|
| 2013 | \$ 22,000 | 5,830 | 27,830 |
| 2014 | 23,000 | 4,807 | 27,807 |
| 2015 | 24,000 | 3,715 | 27,715 |
| 2016 | 25,000 | 2,551 | 27,551 |
| 2017 | 26,000 | 1,313 | 27,313 |
| | <u>\$ 120,000</u> | <u>18,216</u> | <u>138,216</u> |

VILLAGE OF PALOS PARK, ILLINOIS

Long-Term Debt Requirements

Series 2004 General Obligation Alternate Revenue Bonds

April 30, 2012

| | |
|-----------------------|---------------------------------|
| Date of Issue | November 4, 2004 |
| Original Principal | \$ 450,000 |
| Date of Maturity | December 1, 2019 |
| Interest Rate | 1.80% to 4.10% |
| Principal Payments | December 1 |
| Interest Payments | June 1 and December 1 |
| Financial Institution | BNY Mellon Chicago, Illinois |

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Year Ending April 30 | Principal | Interest | Total |
|----------------------------|-------------------|---------------|----------------|
| 2013 | \$ 30,000 | 10,245 | 40,245 |
| 2014 | 30,000 | 9,225 | 39,225 |
| 2015 | 30,000 | 8,160 | 38,160 |
| 2016 | 35,000 | 7,065 | 42,065 |
| 2017 | 35,000 | 5,752 | 40,752 |
| 2018 | 35,000 | 4,405 | 39,405 |
| 2019 | 35,000 | 3,040 | 38,040 |
| 2020 | 40,000 | 1,640 | 41,640 |
| | <u>\$ 270,000</u> | <u>49,532</u> | <u>319,532</u> |

VILLAGE OF PALOS PARK, ILLINOIS

Long-Term Debt Requirements

Series 2005 General Obligation Alternate Revenue Bonds
April 30, 2012

| | |
|-----------------------|---------------------------------|
| Date of Issue | November 4, 2005 |
| Original Principal | \$ 450,000 |
| Date of Maturity | December 1, 2019 |
| Interest Rate | 3.10% to 4.05% |
| Principal Payments | December 1 |
| Interest Payments | June 1 and December 1 |
| Financial Institution | BNY Mellon Chicago, Illinois |

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Year Ending April 30 | Principal | Interest | Total |
|----------------------------|-------------------|---------------|----------------|
| 2013 | \$ 30,000 | 10,665 | 40,665 |
| 2014 | 35,000 | 9,555 | 44,555 |
| 2015 | 35,000 | 8,243 | 43,243 |
| 2016 | 35,000 | 6,913 | 41,913 |
| 2017 | 35,000 | 5,565 | 40,565 |
| 2018 | 35,000 | 4,200 | 39,200 |
| 2019 | 35,000 | 2,817 | 37,817 |
| 2020 | 35,000 | 1,417 | 36,417 |
| | <u>\$ 275,000</u> | <u>49,375</u> | <u>324,375</u> |

VILLAGE OF PALOS PARK, ILLINOIS

Long-Term Debt Requirements

Series 2006 Certificates

April 30, 2012

| | |
|-----------------------|---------------------------------|
| Date of Issue | October 26, 2006 |
| Original Principal | \$ 570,000 |
| Date of Maturity | December 1, 2025 |
| Interest Rate | 3.60% to 4.35% |
| Principal Payments | December 1 |
| Interest Payments | June 1 and December 1 |
| Financial Institution | BNY Mellon Chicago, Illinois |

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Year Ending April 30 | Principal | Interest | Total |
|----------------------------|-------------------|----------------|----------------|
| 2013 | \$ 25,000 | 19,498 | 44,498 |
| 2014 | 25,000 | 18,540 | 43,540 |
| 2015 | 25,000 | 17,571 | 42,571 |
| 2016 | 30,000 | 16,588 | 46,588 |
| 2017 | 30,000 | 15,397 | 45,397 |
| 2018 | 30,000 | 14,188 | 44,188 |
| 2019 | 30,000 | 12,964 | 42,964 |
| 2020 | 35,000 | 11,728 | 46,728 |
| 2021 | 35,000 | 10,272 | 45,272 |
| 2022 | 35,000 | 8,802 | 43,802 |
| 2023 | 40,000 | 7,323 | 47,323 |
| 2024 | 40,000 | 5,617 | 45,617 |
| 2025 | 45,000 | 3,901 | 48,901 |
| 2026 | 45,000 | 1,957 | 46,957 |
| | <u>\$ 470,000</u> | <u>164,346</u> | <u>634,346</u> |

VILLAGE OF PALOS PARK, ILLINOIS

Long-Term Debt Requirements

Series 2010 Refunding Certificates

April 30, 2012

| | |
|-----------------------|---------------------------------|
| Date of Issue | January 25, 2010 |
| Original Principal | \$ 1,055,000 |
| Date of Maturity | December 1, 2014 |
| Interest Rate | 2.00% to 3.00% |
| Principal Payments | December 1 |
| Interest Payments | June 1 and December 1 |
| Financial Institution | BNY Mellon Chicago, Illinois |

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Year Ending April 30 | Principal | Interest | Total |
|----------------------------|-------------------|---------------|----------------|
| 2013 | \$ 210,000 | 16,325 | 226,325 |
| 2014 | 215,000 | 12,125 | 227,125 |
| 2015 | 225,000 | 6,750 | 231,750 |
| | <u>\$ 650,000</u> | <u>35,200</u> | <u>685,200</u> |

VILLAGE OF PALOS PARK, ILLINOIS

Long-Term Debt Requirements

Series 2010 General Obligation Alternate Revenue Bonds
 April 30, 2012

Date of Issue May 25, 2010
 Original Principal \$ 1,750,000
 Date of Maturity December 1, 2029
 Interest Rate 2.50% to 4.30%
 Principal Payments December 1
 Interest Payments June 1 and December 1
 Financial Institution BNY Mellon
 Chicago, Illinois

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Year Ending April 30 | Principal | Interest | Total |
|----------------------------|---------------------|----------------|------------------|
| 2013 | \$ 60,000 | 60,640 | 120,640 |
| 2014 | 65,000 | 59,140 | 124,140 |
| 2015 | 70,000 | 57,385 | 127,385 |
| 2016 | 70,000 | 55,495 | 125,495 |
| 2017 | 75,000 | 53,605 | 128,605 |
| 2018 | 75,000 | 51,580 | 126,580 |
| 2019 | 80,000 | 49,180 | 129,180 |
| 2020 | 85,000 | 46,620 | 131,620 |
| 2021 | 85,000 | 43,390 | 128,390 |
| 2022 | 90,000 | 40,160 | 130,160 |
| 2023 | 95,000 | 36,560 | 131,560 |
| 2024 | 100,000 | 32,760 | 132,760 |
| 2025 | 105,000 | 28,760 | 133,760 |
| 2026 | 105,000 | 24,403 | 129,403 |
| 2027 | 110,000 | 20,045 | 130,045 |
| 2028 | 115,000 | 15,480 | 130,480 |
| 2029 | 120,000 | 10,535 | 130,535 |
| 2030 | 125,000 | 5,375 | 130,375 |
| | <u>\$ 1,630,000</u> | <u>691,113</u> | <u>2,321,113</u> |

VILLAGE OF PALOS PARK, ILLINOIS

Statistical Section

This part of the Village of Palos Park, Illinois' 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 says about the Village's overall financial health.

| <u>CONTENTS</u> | <u>PAGES</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time. | 97-106 |
| Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue sources, the sales tax and property tax. | 107-113 |
| 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 additional debt in the future. | 114-120 |
| 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. | 121-122 |
| 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. | 123-127 |

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The Village of Palos Park, Illinois implemented GASB Statement No. 34 in 2005; schedules presenting government-wide information include information beginning in that year.

FINANCIAL TRENDS

VILLAGE OF PALOS PARK, ILLINOIS

Net Assets by Component

Last Eight Fiscal Years

(See Following Page)

VILLAGE OF PALOS PARK, ILLINOIS

Net Assets by Component

Last Eight Fiscal Years

| <u>Fiscal Year</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|-------------------------------------------------|----------------------|-------------------|-------------------|-------------------|
| Governmental Activities | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 3,585,298 | 3,466,820 | 3,273,865 | 3,292,655 |
| Restricted | 1,202,700 | 841,928 | 191,552 | 127,819 |
| Unrestricted | 1,484,791 | 1,719,120 | 1,390,918 | 1,351,511 |
| Total Governmental Activities Net Assets | <u>\$ 6,272,789</u> | <u>6,027,868</u> | <u>4,856,335</u> | <u>4,771,985</u> |
| Business-Type Activities | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 20,116,269 | 20,857,596 | 22,337,788 | 21,891,367 |
| Unrestricted | 2,355,704 | 1,993,789 | 803,652 | 1,616,093 |
| Total Business-Type Activities Net Assets | <u>\$ 22,471,973</u> | <u>22,851,385</u> | <u>23,141,440</u> | <u>23,507,460</u> |
| Primary Government | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 23,701,567 | 24,324,416 | 25,611,653 | 25,184,022 |
| Restricted | 1,202,700 | 841,928 | 191,552 | 127,819 |
| Unrestricted | 3,840,495 | 3,712,909 | 2,194,570 | 2,967,604 |
| Total Primary Government Net Assets | <u>\$ 28,744,762</u> | <u>28,879,253</u> | <u>27,997,775</u> | <u>28,279,445</u> |

Data Source

Audited Financial Statements

| 2008 | 2007 | 2006 | 2005 |
|------------|------------|------------|------------|
| 3,151,308 | 2,997,346 | 2,108,522 | 1,640,412 |
| 122,866 | 150,945 | 142,385 | 150,159 |
| 1,532,600 | 1,523,471 | 1,632,543 | 1,574,192 |
| 4,806,774 | 4,671,762 | 3,883,450 | 3,364,763 |
| 21,036,524 | 21,036,524 | 20,981,990 | 21,907,584 |
| 1,807,134 | 1,807,134 | 1,546,673 | 1,041,517 |
| 22,843,658 | 22,843,658 | 22,528,663 | 22,949,101 |
| 24,187,832 | 24,033,870 | 23,090,512 | 23,547,996 |
| 122,866 | 150,945 | 142,385 | 150,159 |
| 3,339,734 | 3,330,605 | 3,179,216 | 2,615,709 |
| 27,650,432 | 27,515,420 | 26,412,113 | 26,313,864 |

VILLAGE OF PALOS PARK, ILLINOIS

Changes in Net Assets

Last Eight Fiscal Years

| Fiscal Year | 2012 | 2011 | 2010 | 2009 |
|-------------------------------------------------|-----------------------|--------------------|--------------------|--------------------|
| Expenses | | | | |
| Governmental Activities | | | | |
| General Government | \$ 711,048 | 675,072 | 777,949 | 791,421 |
| Public Safety | 1,930,667 | 1,861,070 | 1,873,156 | 1,926,213 |
| Public Works | 637,683 | 537,325 | 578,961 | 530,728 |
| Building and Public Grounds | 782,039 | 568,127 | 596,335 | 790,866 |
| Cultural and Recreation | 296,926 | 280,567 | 309,727 | 331,727 |
| Solid Wastes | 286,300 | 276,741 | 263,727 | 252,592 |
| Interest | 49,317 | 55,392 | 76,830 | 102,709 |
| Total Governmental Activities Expenses | <u>4,693,980</u> | <u>4,254,294</u> | <u>4,476,685</u> | <u>4,726,256</u> |
| Business-Type Activities | | | | |
| Water | 1,732,837 | 1,656,522 | 1,543,690 | 1,474,896 |
| Sewer | 821,286 | 817,699 | 837,692 | 849,458 |
| Commuter Lot | 70,087 | 76,703 | 72,485 | 106,159 |
| Total Business-Type Activities Expenses | <u>2,624,210</u> | <u>2,550,924</u> | <u>2,453,867</u> | <u>2,430,513</u> |
| Total Primary Government Expenses | <u>\$ 7,318,190</u> | <u>6,805,218</u> | <u>6,930,552</u> | <u>7,156,769</u> |
| Program Revenues | | | | |
| Governmental Activities | | | | |
| Charges for Services | | | | |
| General Government | \$ 497,891 | 467,002 | 284,670 | 311,656 |
| Public Safety | 75,920 | 843,639 | 319,211 | 229,111 |
| Public Works | 12,530 | 9,852 | 4,500 | |
| Building and Public Grounds | 210,579 | 230,715 | 244,904 | 313,868 |
| Cultural and Recreation | 157,271 | 161,816 | 172,160 | 188,003 |
| Solid Wastes | 314,705 | 303,628 | 274,995 | 256,041 |
| Operating Grants and Contributions | 274,280 | 154,832 | 128,535 | 189,263 |
| Capital Grants and Contributions | | | 14,020 | 20,000 |
| Total Governmental Activities Program Revenues | <u>1,543,176</u> | <u>2,171,484</u> | <u>1,442,995</u> | <u>1,507,942</u> |
| Business-Type Activities | | | | |
| Charges for Services | | | | |
| Water | 1,670,509 | 1,671,072 | 1,465,267 | 1,058,410 |
| Sewer | 485,395 | 497,818 | 465,038 | 241,071 |
| Commuter Lot | 86,417 | 82,105 | 82,303 | 92,038 |
| Operating Grants and Contributions | | 2,358 | | |
| Capital Grants and Contributions | | | | |
| Total Business-Type Activities Program Revenues | <u>2,242,321</u> | <u>2,253,353</u> | <u>2,012,608</u> | <u>1,391,519</u> |
| Total Primary Government Program Revenues | <u>\$ 3,785,497</u> | <u>4,424,837</u> | <u>3,455,603</u> | <u>2,899,461</u> |
| Net Revenue (Expense) | | | | |
| Governmental Activities | \$ (3,150,804) | (2,082,810) | (3,033,690) | (3,218,314) |
| Business-Type Activities | <u>(381,889)</u> | <u>(297,571)</u> | <u>(441,259)</u> | <u>(1,038,994)</u> |
| Total Primary Government Net Revenue (Expense) | <u>\$ (3,532,693)</u> | <u>(2,380,381)</u> | <u>(3,474,949)</u> | <u>(4,257,308)</u> |

| 2008 | 2007 | 2006 | 2005 |
|-------------|-------------|-------------|-------------|
| 900,666 | 892,396 | 724,948 | 799,995 |
| 1,946,030 | 1,643,589 | 1,687,093 | 1,495,343 |
| 676,962 | 550,148 | 379,832 | 334,492 |
| 681,183 | 642,185 | 749,496 | 622,563 |
| 312,111 | 314,641 | 333,239 | 261,654 |
| 245,040 | 235,692 | 224,678 | 206,672 |
| 123,393 | 115,360 | 106,592 | 114,963 |
| 4,885,385 | 4,394,011 | 4,205,878 | 3,835,682 |
| 1,359,605 | 1,153,590 | 1,185,855 | 1,102,340 |
| 675,554 | 573,225 | 625,027 | 562,946 |
| 72,197 | 99,572 | 27,900 | 21,770 |
| 2,107,356 | 1,826,387 | 1,838,782 | 1,687,056 |
| 6,992,741 | 6,220,398 | 6,044,660 | 5,522,738 |
| 269,615 | 288,273 | 203,115 | 162,258 |
| 261,094 | 196,069 | 269,785 | 317,952 |
| 2,884 | 574 | 14,371 | 682 |
| 563,833 | 428,045 | 329,291 | 327,062 |
| 226,646 | 203,801 | 207,246 | 178,288 |
| 245,708 | 238,554 | 227,895 | 199,865 |
| 159,700 | 210,353 | 400,799 | 167,812 |
| | 520,000 | | |
| 1,729,480 | 2,085,669 | 1,652,502 | 1,353,919 |
| 904,234 | 815,765 | 875,349 | 834,829 |
| 175,351 | 163,623 | 159,059 | 120,412 |
| 92,739 | 70,801 | 27,265 | 27,888 |
| 2,231,197 | 510,000 | | |
| 3,403,521 | 1,560,189 | 1,061,673 | 983,129 |
| 5,133,001 | 3,645,858 | 2,714,175 | 2,337,048 |
| (3,155,905) | (2,308,342) | (2,553,376) | (2,481,763) |
| 1,296,165 | (266,198) | (777,109) | (703,927) |
| (1,859,740) | (2,574,540) | (3,330,485) | (3,185,690) |

(Cont.)

VILLAGE OF PALOS PARK, ILLINOIS

Changes in Net Assets (Cont.)

Last Eight Fiscal Years

| Fiscal Year | 2012 | 2011 | 2010 | 2009 |
|---------------------------------------------------------|--------------|-----------|-----------|-----------|
| General Revenues and Other Changes in Net Assets | | | | |
| Governmental Activities | | | | |
| Taxes | | | | |
| Property | 1,206,448 | 1,232,400 | 1,179,055 | 1,053,410 |
| Sales | 855,009 | 836,166 | 785,862 | 858,847 |
| Income | 393,386 | 365,586 | 372,418 | 427,237 |
| Utility | 535,051 | 547,238 | 554,177 | 620,803 |
| Other | 243,637 | 239,702 | 179,842 | 152,995 |
| Investment Income | 14,298 | 13,018 | 5,403 | 30,646 |
| Miscellaneous | 29,815 | 20,233 | 41,283 | 39,587 |
| Gain of Sale of Capital Assets | 3,971 | | | |
| Gain on Sale of Easements | 110,000 | | | |
| Contributions | | | | |
| Transfers In | 4,110 | | | |
| Total Governmental Activities | 3,395,725 | 3,254,343 | 3,118,040 | 3,183,525 |
| Business-Type Activities | | | | |
| Investment Income | 6,587 | 7,516 | 3,894 | 30,254 |
| Miscellaneous | | | 71,345 | 136,228 |
| Transfers Out | (4,110) | | | |
| Total Business-Type Activities | 2,477 | 7,516 | 75,239 | 166,482 |
| Total Primary Government | \$ 3,398,202 | 3,261,859 | 3,193,279 | 3,350,007 |
| Change in Net Assets | | | | |
| Governmental Activities | \$ 244,921 | 1,171,533 | 84,350 | (34,789) |
| Business-Type Activities | (379,412) | (290,055) | (366,020) | (872,512) |
| Total Primary Government Change in Net Assets | \$ (134,491) | 881,478 | (281,670) | (907,301) |

Data Source

Audited Financial Statements

| 2008 | 2007 | 2006 | 2005 |
|-----------|-----------|-----------|-----------|
| 1,014,455 | 956,234 | 899,096 | 863,244 |
| 943,390 | 890,588 | 849,185 | 686,106 |
| 431,732 | 395,205 | 358,296 | 317,444 |
| 603,983 | 558,092 | 654,620 | 569,752 |
| 151,077 | 147,006 | 187,788 | 182,782 |
| 65,619 | 90,893 | 48,715 | 29,452 |
| 80,661 | 59,050 | 62,566 | 42,970 |
| | | 8,297 | 11,461 |
| | | | 7,005 |
| 3,290,917 | 3,097,068 | 3,068,563 | 2,710,216 |
| 87,519 | 93,701 | 50,846 | 22,684 |
| 152,630 | 487,492 | 305,825 | 355,993 |
| 240,149 | 581,193 | 356,671 | 378,677 |
| 3,531,066 | 3,678,261 | 3,425,234 | 3,088,893 |
| 135,012 | 788,726 | 515,187 | 228,453 |
| 1,536,314 | 314,995 | (420,438) | (325,250) |
| 1,671,326 | 1,103,721 | 94,749 | (96,797) |

VILLAGE OF PALOS PARK, ILLINOIS

Fund Balances of Governmental Funds

Last Ten Fiscal Years

| Fiscal Year | 2012 | 2011 | 2010 | 2009 |
|------------------------------------|--------------|-----------|-----------|-----------|
| General Fund | | | | |
| Nonspendable | \$ 63,632 | | | |
| Unassigned | 1,336,321 | | | |
| Reserved | | 60,215 | 58,168 | 53,247 |
| Unreserved | | 1,123,958 | 922,908 | 1,017,976 |
| Total General Fund | 1,399,953 | 1,184,173 | 981,076 | 1,071,223 |
| All Other Governmental Funds | | | | |
| Restricted | 1,202,700 | | | |
| Assigned | 202,005 | | | |
| Reserved | | 841,928 | 195,372 | 127,819 |
| Unreserved | | | | |
| Special Revenue Funds | | 48,281 | 90,143 | 150,721 |
| Capital Projects Funds | | 635,138 | 491,926 | 413,848 |
| Total All Other Governmental Funds | 1,404,705 | 1,525,347 | 777,441 | 692,388 |
| Total Governmental Funds | \$ 2,804,658 | 2,709,520 | 1,758,517 | 1,763,611 |

Data Source

Audited Financial Statements

| 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 81,614 | 40,754 | 39,324 | 65,256 | 56,087 | 79,703 |
| 1,181,635 | 1,329,466 | 1,326,285 | 1,321,404 | 1,382,425 | 1,253,352 |
| 1,263,249 | 1,370,220 | 1,365,609 | 1,386,660 | 1,438,512 | 1,333,055 |
| 122,866 | 150,945 | 142,385 | 145,325 | 307,717 | 163,510 |
| 136,550 | 127,168 | 145,173 | 144,606 | 92,026 | 109,731 |
| 464,760 | 387,106 | 297,920 | 201,989 | 51,442 | (313,024) |
| 724,176 | 665,219 | 585,478 | 491,920 | 451,185 | (39,783) |
| 1,987,425 | 2,035,439 | 1,951,087 | 1,878,580 | 1,889,697 | 1,293,272 |

VILLAGE OF PALOS PARK, ILLINOIS

Changes in Fund Balances of Government Funds

Last Ten Fiscal Years

| Fiscal Year | 2012 | 2011 | 2010 | 2009 | 2008 |
|------------------------------------------------------------|--------------|-----------|-------------|-----------|-----------|
| Revenues | | | | | |
| Taxes | \$ 3,233,531 | 3,221,092 | 3,071,354 | 3,113,292 | 3,144,638 |
| Licenses and Permits | 482,653 | 471,279 | 467,581 | 482,959 | 653,044 |
| Intergovernmental | 275,619 | 163,410 | 147,732 | 217,936 | 159,700 |
| Charges for Services | 49,747 | 40,464 | 50,405 | 79,528 | 98,185 |
| Fees by Agreement | 660,796 | 652,044 | 619,316 | 609,133 | 620,443 |
| Fines and Forfeitures | 74,361 | 844,287 | 154,210 | 110,902 | 187,507 |
| Grants | | | | | |
| Investment Income | 14,298 | 13,018 | 5,403 | 30,646 | 65,619 |
| Miscellaneous | 29,815 | 20,233 | 35,034 | 47,071 | 91,261 |
| Total Revenues | 4,820,820 | 5,425,827 | 4,551,035 | 4,691,467 | 5,020,397 |
| Expenditures | | | | | |
| Current | | | | | |
| General Government (Administration) | 609,448 | 674,934 | 736,570 | 712,090 | 808,306 |
| Public Affairs | | | | | |
| Public Safety (Police) | 1,869,168 | 1,863,219 | 1,789,273 | 1,873,619 | 1,871,600 |
| Public Works | 570,036 | 509,153 | 533,843 | 553,425 | 524,083 |
| Building | | | | | |
| Building and Public Grounds | 793,050 | 568,127 | 593,998 | 779,371 | 661,585 |
| Culture and Recreation | 288,737 | 272,696 | 301,616 | 309,125 | 304,706 |
| Public Grounds | | | | | |
| Finance | | | | | |
| Solid Waste | 286,300 | 276,741 | 263,727 | 252,592 | 245,040 |
| Other | | | | | |
| Capital Outlay | 100,739 | 34,015 | 23,157 | 120,288 | 239,689 |
| Debt Service | | | | | |
| Principal Retirement | 274,553 | 258,555 | 282,279 | 282,256 | 293,506 |
| Interest and Other Charges | 51,732 | 54,684 | 97,141 | 106,693 | 123,135 |
| Total Expenditures | 4,843,763 | 4,512,124 | 4,621,604 | 4,989,459 | 5,071,650 |
| Excess (Deficiency) of Revenues over Expenditures | (22,943) | 913,703 | (70,569) | (297,992) | (51,253) |
| Other Financing Sources (Uses) | | | | | |
| Transfers In | 138,220 | 171,182 | 266,116 | 132,072 | 122,358 |
| Proceeds from Sale of Capital Assets | 3,971 | | 1,259 | 42,862 | 3,239 |
| Proceeds from Sale of Easements | 110,000 | | | | |
| Installment Contracts Issued | | | 1,085,000 | 31,316 | |
| Premium/Discount on Installment Contracts | | | 12,207 | | |
| Capital Lease Issued | | 37,300 | | | |
| Payment to Escrow Agent | | | (1,032,991) | | |
| Transfers Out | (134,110) | (171,182) | (266,116) | (132,072) | (122,358) |
| Total Other Financing Sources (Uses) | 118,081 | 37,300 | 65,475 | 74,178 | 3,239 |
| Net Change in Fund Balance | \$ 95,138 | 951,003 | (5,094) | (223,814) | (48,014) |
| Debt Service as a Percentage of Noncapital Expenditures | 6.80% | 6.99% | 8.25% | 8.02% | 8.40% |

Data Source

Audited Financial Statements

| 2007 | 2006 | 2005 | 2004 | 2003 |
|-----------|-----------|-----------|-----------|-----------|
| 2,947,124 | 2,907,333 | 2,563,659 | 2,344,198 | 2,442,313 |
| 505,647 | 415,187 | 389,771 | 292,189 | 285,021 |
| 210,353 | 400,799 | 167,812 | 193,442 | |
| 141,641 | 148,983 | 159,928 | 104,510 | 171,420 |
| 596,859 | 541,766 | 442,099 | 404,099 | 208,383 |
| 111,170 | 181,181 | 231,214 | 116,997 | 61,577 |
| | | | | 313,880 |
| 90,893 | 48,721 | 29,450 | 10,421 | 19,449 |
| 59,050 | 68,798 | 73,197 | 403,751 | 289,600 |
| 4,662,737 | 4,712,768 | 4,057,130 | 3,869,607 | 3,791,643 |
| 776,445 | 752,113 | 723,405 | 490,377 | 479,057 |
| | | | 56,664 | 23,980 |
| 1,605,648 | 1,630,788 | 1,463,156 | 1,339,684 | 1,310,467 |
| 403,892 | 409,751 | 346,111 | 319,494 | 294,204 |
| | | | 227,452 | 179,003 |
| 637,357 | 719,372 | 512,704 | | |
| 290,774 | 325,699 | 255,021 | 227,598 | 249,015 |
| | | | 86,916 | 73,542 |
| | | | 175,206 | 170,481 |
| 235,692 | 224,678 | 206,672 | 184,618 | 178,676 |
| | | | 1,380 | |
| 911,786 | 349,064 | 109,859 | 251,323 | 664,121 |
| 271,192 | 252,000 | 36,000 | 91,278 | 119,384 |
| 115,774 | 107,006 | 107,602 | 109,156 | 99,394 |
| 5,248,560 | 4,770,471 | 3,760,530 | 3,561,146 | 3,841,324 |
| (585,823) | (57,703) | 296,600 | 308,461 | (49,681) |
| 60,200 | 89,973 | 250,000 | 127,000 | 501,520 |
| 16,576 | 17,281 | | | 2,250 |
| 653,599 | 109,429 | | | |
| (60,200) | (89,973) | (250,000) | (50,000) | (424,520) |
| 670,175 | 126,710 | - | 77,000 | 79,250 |
| 84,352 | 69,007 | 296,600 | 385,461 | 29,569 |
| 8.54% | 8.12% | 3.93% | 6.00% | 6.89% |

REVENUE CAPACITY

VILLAGE OF PALOS PARK, ILLINOIS

Assessed Value and Actual Value of Taxable Property

Last Ten Levy Years

(See Following Page)

VILLAGE OF PALOS PARK, ILLINOIS

Assessed Value and Actual Value of Taxable Property

Last Ten Levy Years

| Levy Year | Residential Property | Farm Valuation | Commercial Property | Industrial Property | Railroad Valuation | Total Taxable Assessed Value |
|-----------|----------------------|----------------|---------------------|---------------------|--------------------|------------------------------|
| 2011 | \$ 206,366,428 | 38,099 | 23,974,842 | 10,650,690 | 104,894 | 241,134,953 |
| 2010 | 258,132,898 | 47,654 | 29,988,778 | 13,322,387 | 131,297 | 301,623,014 |
| 2009 | 253,140,363 | 46,732 | 29,408,767 | 13,064,719 | 128,758 | 295,789,339 |
| 2008 | 234,150,430 | 43,392 | 27,306,755 | 12,130,909 | 119,555 | 273,751,041 |
| 2007 | 199,888,492 | 36,902 | 23,222,193 | 10,316,359 | 101,672 | 233,565,618 |
| 2006 | 187,992,725 | 34,707 | 21,840,193 | 9,702,412 | 95,620 | 219,665,657 |
| 2005 | 183,079,351 | 33,778 | 21,287,113 | 9,448,761 | 75,355 | 213,924,358 |
| 2004 | 149,897,501 | 44,353 | 18,722,810 | 7,528,804 | 67,750 | 176,261,218 |
| 2003 | 143,334,047 | 44,353 | 17,880,331 | 5,909,787 | 63,808 | 167,232,326 |
| 2002 | 143,326,498 | 44,353 | 17,400,374 | 5,151,880 | 218,709 | 166,141,814 |
| 2001 | 109,906,847 | 39,148 | 14,526,210 | 4,194,299 | 205,706 | 128,872,210 |

Notes:

Property in the Village is reassessed every three years. Property is assessed at 33% of actual value.

Total Direct Tax Rate is the Village only. (Does not include overlapping rates.)

Data Source

Office of the County Clerk

| Total Direct Tax Rate | Estimated Actual Taxable Value | Estimated Actual Taxable Value |
|-----------------------------|-----------------------------------------|-----------------------------------------|
| 0.4980 | 723,404,862 | 33.333 |
| 0.3910 | 904,869,042 | 33.333 |
| 0.3820 | 887,368,017 | 33.333 |
| 0.4020 | 821,253,123 | 33.333 |
| 0.4350 | 700,696,854 | 33.333 |
| 0.4454 | 658,996,971 | 33.333 |
| 0.4325 | 641,773,074 | 33.333 |
| 0.4913 | 528,783,654 | 33.333 |
| 0.5012 | 501,696,978 | 33.333 |
| 0.4861 | 498,425,442 | 33.333 |
| 0.6058 | 386,616,630 | 33.333 |

VILLAGE OF PALOS PARK, ILLINOIS

Direct and Overlapping Property Tax Rates

Last Ten Levy Years

| Levy Year | Village Direct Rates | | | | Total Direct Tax Rate |
|--------------|----------------------|----------------------|-------------------|-------|--------------------------------|
| | General | Police Protection | Police Pension | IMRF | |
| 2011 | 0.402 | 0.054 | | 0.043 | 0.498 |
| 2010 | 0.318 | 0.041 | | 0.032 | 0.391 |
| 2009 | 0.314 | 0.038 | | 0.030 | 0.382 |
| 2008 | 0.278 | 0.040 | 0.052 | 0.032 | 0.402 |
| 2007 | 0.297 | 0.045 | 0.058 | 0.035 | 0.435 |
| 2006 | 0.306 | 0.045 | 0.059 | 0.035 | 0.445 |
| 2005 | 0.298 | 0.044 | 0.057 | 0.034 | 0.433 |
| 2004 | 0.337 | 0.050 | 0.065 | 0.039 | 0.491 |
| 2003 | 0.335 | 0.052 | 0.083 | 0.042 | 0.513 |
| 2002 | 0.364 | 0.048 | | 0.075 | 0.486 |

Notes:

The Village's basic property tax rate may be increased only by a majority vote of the Village's residents. Rates for debt service are set based on each year's requirements.

⁽¹⁾ Overlapping rates are those of local and county governments that apply to property owners within the Village. Not all overlapping rates apply to all Village property owners; for example, although the County property tax rates apply to all Village property owners, other rates (i.e. certain school districts) may apply to only certain property in the Village.

⁽²⁾ Only some Village residents are within the S. Palos Sanitary District.

Data Source

Office of the County Clerk

Overlapping Debt ⁽¹⁾

| School Districts | Library | County | Fire Protection District | Township | S. Palos Sanitary District ⁽²⁾ | MWRD |
|---------------------|---------|--------|--------------------------------|----------|-------------------------------------------------|-------|
| 9.005 | 0.161 | 0.557 | 1.437 | 0.899 | 0.331 | 0.320 |
| 7.501 | 0.126 | 0.484 | 1.193 | 0.742 | 0.253 | 0.274 |
| 7.230 | 0.123 | 0.473 | 1.132 | 0.711 | 0.258 | 0.261 |
| 4.100 | 0.128 | 0.475 | 0.511 | 0.075 | 0.276 | 0.252 |
| 4.486 | 0.138 | 0.511 | 0.545 | 0.079 | 0.177 | 0.263 |
| 4.630 | 0.142 | 0.569 | 0.598 | 0.079 | 0.232 | 2.840 |
| 3.493 | 0.138 | 0.622 | 0.586 | 0.075 | 0.233 | 0.315 |
| 5.140 | 0.160 | 0.666 | 0.667 | 0.085 | 0.268 | 0.347 |
| 5.221 | 0.163 | 0.735 | 0.686 | 0.088 | 0.265 | 0.361 |
| 5.058 | 0.158 | 0.768 | 0.665 | 0.084 | 0.256 | 0.371 |

VILLAGE OF PALOS PARK, ILLINOIS

Principal Property Taxpayers

Current Fiscal Year and Nine Years Ago

| Taxpayer | Type of Business | 2012 | | Percentage of Total Equalized Assessed Valuation |
|-------------------------------|-----------------------------------------------|-------------------------------|------|--------------------------------------------------|
| | | Equalized Assessed Valuation* | Rank | |
| IRC | Supermarket | \$ 7,352,232 | 1 | 3.05 % |
| Sunrise Senior Living | Commercial Property with Special Improvements | 6,169,214 | 2 | 2.56 |
| James Marth Taxpayer | Shopping Center (Mill Creek Center) | 2,437,879 | 3 | 1.01 |
| Gas City Limited | Residence | 1,445,571 | 4 | 0.60 |
| Inter Cont'l 131st Palos Park | Gasoline Station | 1,379,027 | 5 | 0.57 |
| Walgreens | Shopping Center | 1,299,046 | 6 | 0.54 |
| RDK Ventures | One-Story Store | 1,273,989 | 7 | 0.53 |
| Alfredo Veltri | Gasoline Station | 934,096 | 8 | 0.39 |
| Taxpayer | Shopping Center (Palos Park Plaza) | 837,700 | 9 | 0.35 |
| Commonwealth Edison Co. | Residence | 831,251 | 10 | 0.34 |
| Ameritech Illinois | Electric Utility | | | |
| Hackneys on Lake, Inc. | Phone Utility | | | |
| | | <u>\$ 23,960,005</u> | | <u>9.94 %</u> |

*Most recent data available.

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 County Clerk

| 2003 | | |
|------------------------------|------|--------------------------------------------------|
| Equalized Assessed Valuation | Rank | Percentage of Total Equalized Assessed Valuation |
| 6,347,019 | 1 | 4.93 % |
| 1,910,791 | 3 | 1.48 |
| 2,019,654 | 2 | 1.57 |
| 1,521,700 | 4 | 1.18 |
| 1,449,217 | 5 | 1.12 |
| 662,388 | 8 | 0.51 |
| 597,102 | 9 | 0.46 |
| 1,113,527 | 6 | 0.86 |
| 857,097 | 7 | 0.67 |
| 581,085 | 10 | 0.45 |
| <u>17,059,580</u> | | <u>13.23 %</u> |

VILLAGE OF PALOS PARK, ILLINOIS

Property Tax Levies and Collections

Last Ten Fiscal Years

| Fiscal Year Ended April 30 | Total Tax Levy for Fiscal Year | Collected Within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|----------------------------|--------------------------------|----------------------------------------------|--------------------|---------------------------------|---------------------------|--------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2012 | \$ 1,275,341 | 614,989 | 48.22 % | N/A | 603,198 | 47.30 % |
| 2011 | 1,221,886 | 560,614 | 45.88 | 633,241 | 1,193,855 | 97.71 |
| 2010 | 1,129,915 | 510,898 | 45.22 | 618,452 | 1,129,350 | 99.95 |
| 2009 | 1,098,709 | 567,862 | 51.68 | 514,807 | 1,082,669 | 98.54 |
| 2008 | 1,015,072 | 483,740 | 47.66 | 530,443 | 1,014,183 | 99.91 |
| 2007 | 979,709 | 403,365 | 41.17 | 611,090 | 1,014,455 | 103.55 |
| 2006 | 925,966 | 441,027 | 47.63 | 479,332 | 920,359 | 99.39 |
| 2005 | 866,872 | 358,504 | 41.36 | 509,995 | 868,499 | 100.19 |
| 2004 | 839,186 | 276,747 | 32.98 | 565,457 | 842,204 | 100.36 |
| 2003 | 808,046 | 387,146 | 47.91 | 424,191 | 811,337 | 100.41 |

Notes:

Total collections to date include collections within the current fiscal year and collections in subsequent years. The percentage of levy represents the ratio of total collections to date to the taxes levied for that fiscal year.

Property in the Village is reassessed every three years. Property is assessed at 33% of actual value.

Data Source

Office of the Cook County Treasurer's Office
www.tae.cookcountytreasurer.com

DEBT CAPACITY

VILLAGE OF PALOS PARK, ILLINOIS

Ratio of Outstanding Debt

Last Ten Fiscal Years

(See Following Page)

VILLAGE OF PALOS PARK, ILLINOIS

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | Business-Type Activities | | | Total Primary Government |
|-------------|--------------------------|---------------------------|--------------------------|---------------------------|---------------------|--------------------------|
| | General Obligation Bonds | Installment Notes Payable | General Obligation Bonds | Installment Notes Payable | Public Benefit Debt | |
| 2012 | \$ | 1,283,890 | 2,175,000 | | 245,491 | 3,704,381 |
| 2011 | | 1,558,443 | 2,295,000 | | 283,201 | 4,136,644 |
| 2010 | | 1,779,698 | 660,000 | | 320,912 | 2,760,610 |
| 2009 | | 2,006,977 | 715,000 | | 358,622 | 3,080,599 |
| 2008 | | 2,257,917 | 770,000 | | 396,332 | 3,424,249 |
| 2007 | | 2,551,423 | 825,000 | 12,497 | 434,042 | 3,822,962 |
| 2006 | | 2,726,227 | 875,000 | 24,995 | 624,012 | 4,250,234 |
| 2005 | | 3,007,295 | 450,000 | | 685,574 | 4,142,869 |
| 2004 | 450,000 | 3,150,296 | | | 748,872 | 4,349,168 |
| 2003 | | 3,348,301 | 344,962 | | N/A | 3,693,263 |

Notes:

The Village's outstanding debt can be found in the Notes to the Financial Statements.

*See the Schedule of Demographic and Economic Statistics on page 121 for personal income and population data.

| Percentage of Personal Income* | Debt per Capita* |
|-----------------------------------------|---------------------|
| 0.90% | 764 |
| 1.12% | 853 |
| 0.75% | 589 |
| 0.84% | 657 |
| 1.34% | 730 |
| 1.34% | 815 |
| 1.23% | 906 |
| 1.17% | 884 |
| 1.06% | 928 |
| 1.00% | 788 |

VILLAGE OF PALOS PARK, ILLINOIS

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

| Fiscal Year | General Obligation Bonds | Percentage of Estimated Actual Taxable Value of Property* | Percentage of Personal Income | Per Capita |
|-------------|--------------------------|-----------------------------------------------------------|-------------------------------|------------|
| 2012 | \$ 2,175,000 | 0.30 % | 0.53% | 449 |
| 2011 | 2,295,000 | 0.25 | 0.62% | 473 |
| 2010 | 660,000 | 0.08 | 0.18% | 141 |
| 2009 | 715,000 | 0.10 | 0.19% | 152 |
| 2008 | 770,000 | 0.12 | 0.21% | 164 |
| 2007 | 825,000 | 0.13 | 0.22% | 176 |
| 2006 | 875,000 | 0.17 | 0.24% | 187 |
| 2005 | 450,000 | 0.09 | 0.12% | 96 |
| 2004 | 450,000 | 0.09 | 0.12% | 96 |
| 2003 | | | | |

Notes:

Details of the Village's outstanding debt can be found in the Notes to the Financial Statements.

*See the Schedule of Assessed Value and Actual Value of Taxable Property on pages 107 and 108 for property value data.

VILLAGE OF PALOS PARK, ILLINOIS

Direct and Overlapping General Obligation Bonded Debt

April 30, 2012

| Governmental Unit | 2010 Equalized Assessed Valuation ⁽¹⁾ | Outstanding Bonds | Applicable to Village | |
|----------------------------------------------------------------|-----------------------------------------------------------|------------------------------|-----------------------|------------------------|
| | | | Amount | Percent ⁽²⁾ |
| Direct Debt | | | | |
| Village of Palos Park | \$ 241,134,954 | (2) | | 100.000 % |
| Overlapping Debt | | | | |
| Cook County | 152,069,051,716 | 3,709,260,000 | 5,888,632 | 0.159 |
| Cook County Forest Preserve District | 152,069,051,718 | 94,885,000 | 150,635 | 0.159 |
| Metropolitan Water Reclamation District | 149,048,493,249 | 2,446,220,030 ⁽³⁾ | 3,962,029 | 0.162 |
| South Palos Twp. Sanitary District | 60,776,290 | 801,000 | 46,904 | 5.856 |
| Lemont Park District | 897,792,039 | 14,650,000 | 2,310 | 0.016 |
| Lemont Township | 840,592,313 | 5,935,000 | 999 | 0.016 |
| School Districts | | | | |
| Combined SD 113A | 1,113,343,737 | 15,558,281 ⁽⁴⁾ | 1,977 | 0.013 |
| Community Consolidated School District #118 | 869,357,307 | 9,910,000 | 2,746,588 | 27.715 |
| Lemont High School District #210 | 1,126,817,984 | 47,674,095 ⁽⁴⁾ | 5,990 | 0.013 |
| High School District #230 | 5,101,983,245 | 59,900,000 | 2,828,391 | 4.722 |
| Community College #524 | 10,788,573,903 | 79,215,000 | 1,772,418 | 2.238 |
| Community College #525 | 19,737,548,885 | 87,660,000 ⁽²⁾ | 629 | 0.001 |
| | | | <u>17,407,502</u> | |
| Total Direct and Overlapping General Obligation Bonded Debt | | | <u>17,407,502</u> | |

Notes:

- (1) Most recent values available as of August 31, 2012.
- (2) Excludes principal amounts of outstanding General Obligation Alternate Revenue Source Bonds.
- (3) Includes IEPA Revolving Loan Fund Bonds.
- (4) Includes original principal amounts of outstanding General Obligation Capital Appreciation Bonds.

Data Source

Office of the Cook County Clerk
Office of the Comptroller of the State of Illinois
Office of the Treasurer of the Metropolitan Water Reclamation District

VILLAGE OF PALOS PARK, ILLINOIS

Legal Debt Margin Information

Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|-------------------------------------------------------------------------|----------------------|-------------------|-------------------|-------------------|
| Legal Debt Limit | \$ 26,014,985 | 25,511,830 | 23,611,027 | 22,796,927 |
| Total Net Debt Applicable to Limit | <u>2,175,000</u> | <u>2,295,000</u> | <u>660,000</u> | <u>715,000</u> |
| Legal Debt Margin | <u>\$ 23,839,985</u> | <u>23,216,830</u> | <u>22,951,027</u> | <u>22,081,927</u> |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 2% | 2% | 3% | 3% |
| Legal Debt Margin Calculation for Fiscal 2011 | | | | |
| Assessed Value | \$ 301,623,014 | | | |
| Legal Debt Margin | <u>8.625%</u> | | | |
| Debt Limit | 26,014,985 | | | |
| Debt Applicable to Limit General Obligation Bonds | <u>2,175,000</u> | | | |
| Legal Debt Margin | <u>\$ 23,839,985</u> | | | |

Notes:

In FY04 Special Assessment debt was deemed to be no commitment debt IAW GASB5-6 as they are not an obligation of the Village and are secured by the levy of special assessments on real property.

G.O. Alternative bonds are considered G.O. bonds in these calculations even though they are to be paid by water and sewer revenues.

| 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|------------|------------|------------|------------|------------|------------|
| 20,145,035 | 18,946,163 | 18,450,976 | 15,202,530 | 14,423,788 | 14,329,731 |
| 770,000 | 825,000 | 875,000 | 450,000 | | 7,137,342 |
| 19,375,035 | 18,121,163 | 17,575,976 | 14,752,530 | 14,423,788 | 7,192,389 |
| 4% | 4% | 5% | 3% | 0% | 50% |

VILLAGE OF PALOS PARK, ILLINOIS

Pledged Revenue Coverage

Last Ten Fiscal Years

| Fiscal Year | Water/Sewer Revenue Bonds | | | | | Coverage |
|-------------|---------------------------|-------------------------|-----------------------|--------------|----------|----------|
| | Water Charges and Other | Less Operating Expenses | Net Available Revenue | Debt Service | | |
| | | | | Principal | Interest | |
| 2012 | \$ 2,162,336 | 1,536,216 | 626,120 | 164,720 | 100,274 | 2.36 |
| 2011 | 2,176,330 | 1,456,035 | 720,295 | 156,116 | 101,850 | 2.79 |
| 2010 | 2,005,501 | 1,476,747 | 528,754 | 92,710 | 43,565 | 3.88 |
| 2009 | 1,460,236 | 1,434,908 | 25,328 | 92,710 | 43,771 | 0.19 |
| 2008 | 1,316,694 | 1,146,424 | 170,270 | 101,433 | 52,320 | 1.11 |
| 2007 | 1,619,004 | 897,765 | 721,239 | 103,833 | 53,221 | 4.59 |
| 2006 | 1,473,251 | 1,247,111 | 226,140 | 62,710 | 39,811 | 2.21 |
| 2005 | 1,501,420 | 1,190,650 | 310,770 | 37,710 | 25,588 | 4.91 |
| 2004 | 1,076,176 | 1,280,283 | (204,107) | 32,500 | 19,962 | |
| 2003 | 1,164,628 | 1,233,962 | (69,334) | 325,000 | 40,301 | |

Notes:

Details of the Village's outstanding debt can be found in the Notes to the Financial Statements.

Water Charges and Other includes investment earnings but not tap-on fees.

Operating expenses do not include interest or depreciation.

Special Assessment projects within the Village are not pledged by Village funds; projects are funded by Village residents through direct collections and, therefore, are not recorded here.

DEMOGRAPHIC AND ECONOMIC INFORMATION

VILLAGE OF PALOS PARK, ILLINOIS

Demographic and Economic Statistics

Last Ten Fiscal Years

| Fiscal Year | Population | Personal Income | Per Capita Personal Income | Unemployment Rate |
|-------------|------------|-----------------|----------------------------|-------------------|
| 2012 | 4,847 | \$ 412,964,400 | 85,200 | 9.00% |
| 2011 | 4,847 | 367,852,050 | 88,628 | 8.70% |
| 2010 | 4,689 | 367,852,050 | 78,450 | 11.20% |
| 2009 | 4,689 | 367,852,050 | 78,450 | 9.60% |
| 2008 | 4,689 | 367,852,050 | 78,450 | 6.20% |
| 2007 | 4,689 | 367,852,050 | 78,450 | 4.30% |
| 2006 | 4,689 | 367,852,050 | 78,450 | 4.40% |
| 2005 | 4,689 | 367,852,050 | 78,450 | 6.00% |
| 2004 | 4,689 | 367,852,050 | 78,450 | 6.30% |
| 2003 | 4,689 | 367,852,050 | 78,450 | 6.90% |

Data Source

Population data is from the U.S. Bureau of the Census.

The unemployment rate for the Village is unavailable. The Chicago/Joliet/Naperville statistics are used in their place and come from the Illinois Department of Employment Security.

VILLAGE OF PALOS PARK, ILLINOIS

Principal Employers

Fiscal Years 2008 and 1999

| Employer | 2008 | | 1999 | |
|-------------------------|------|-------------------------------------|------|-------------------------------------|
| | Rank | Percent of Total Village Population | Rank | Percent of Total Village Population |
| Holy Family Villa | 1 | 4.52% | | |
| Jewel | 2 | 4.27% | 1 | 4.76% |
| Sunrise Assisted Living | 3 | 2.13% | | |
| Village of Palos Park | 4 | 1.30% | 3 | 1.31% |
| Osco | 5 | 1.28% | 2 | 1.43% |
| Walgreens | 6 | 1.07% | | |
| Francesca's | 7 | 1.07% | 4 | 1.19% |
| Hackney's | 8 | 0.58% | 5 | 0.64% |
| Starbucks | 9 | 0.32% | | |
| McDivott's | 10 | 0.32% | 6 | 0.17% |
| N/A | | | 7 | |
| N/A | | | 8 | |
| N/A | | | 9 | |
| N/A | | | 10 | |

Note:

2008 is most recent information available.

OPERATING INFORMATION

VILLAGE OF PALOS PARK, ILLINOIS

Full-Time Equivalent Employees

Last Ten Fiscal Years

| Function/Program | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---------------------------|------|------|------|------|------|------|------|------|------|------|
| GENERAL GOVERNMENT | | | | | | | | | | |
| Administration | 4.3 | 4.3 | 4.3 | 5.3 | 5.3 | 5.3 | 5.0 | 5.5 | 5.5 | 4.5 |
| Building and Zoning | 3.5 | 3.5 | 3.5 | 3.5 | 4.0 | 3.6 | 3.0 | 3.0 | 2.0 | 2.0 |
| Finance | 2.0 | 2.0 | 2.0 | 3.3 | 3.0 | 3.0 | 3.1 | 3.1 | 2.1 | 2.1 |
| Police | | | | | | | | | | |
| Officers FT | 9.0 | 9.0 | 10.0 | 10.0 | 10.0 | 10.0 | 11.0 | 10.0 | 10.0 | 11.0 |
| Officers PT | 23.0 | 22.0 | 20.0 | 16.0 | 15.0 | 15.0 | 14.0 | 12.0 | 12.0 | 20.0 |
| Civilians | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 3.0 |
| Public Works | | | | | | | | | | |
| Water Department | 4.6 | 4.6 | 4.6 | 4.6 | 4.3 | 3.9 | 2.3 | 2.3 | 2.8 | 2.3 |
| Sewer Department | 1.4 | 1.4 | 1.4 | 1.4 | 1.6 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 |
| Street Maintenance | 3.5 | 4.5 | 4.5 | 5.0 | 4.4 | 3.1 | 3.1 | 2.3 | 2.5 | 2.3 |
| Recreation | 2.5 | 2.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.0 | 2.8 | 2.4 |

Data Source

Village Finance Department Payroll

VILLAGE OF PALOS PARK, ILLINOIS

Operating Indicators

Last Ten Fiscal Years

| Function/Program | 2012 | 2011 | 2010 | 2009 | 2008 |
|------------------------------------------|---------|---------|---------|---------|---------|
| PUBLIC SAFETY | | | | | |
| Police ⁽¹⁾ | | | | | |
| Physical Arrests | 186 | 217 | 170 | 242 | 285 |
| Parking Violations | 987 | 1,307 | 1,209 | 1,573 | 1,757 |
| Traffic Violations | 885 | 1,383 | 1,213 | 1,570 | 1,711 |
| PUBLIC WORKS | | | | | |
| Streets Resurfacing (Miles) | 0.66 | | 0.25 | 1.01 | 1.01 |
| Pothole Repairs | 50-75 | 75-150 | 50-75 | 75-100 | 75-120 |
| WATER | | | | | |
| New Connections | 4 | 6 | 8 | 7 | 27 |
| Water Main Breaks | 7 | 2 | 2 | 15 | 12 |
| Average Daily Consumption ⁽²⁾ | 474,000 | 404,000 | 416,134 | 489,000 | 427,827 |
| Peak Demand | 969,000 | 906,000 | 850,000 | 837,000 | 987,000 |

Notes:

⁽¹⁾ Police data is available only on the calendar year; for instance, FY08 covers January 2007 - December 2007.

⁽²⁾ Average gallons per day.

The Village does not treat wastewater. It is treated by MWRD.

Data Source

Appropriate Village Departmental Directors

| 2007 | 2006 | 2005 | 2004 | 2003 |
|-----------|---------|---------|---------|---------|
| 251 | 333 | 361 | 431 | 239 |
| 4 | 994 | 808 | 694 | 1,257 |
| 3 | 1,674 | 1,611 | 2,145 | 2,524 |
| 1.01 | 1.60 | 1.00 | 2.00 | 1.19 |
| 50-75 | 50-75 | 50-75 | 50-75 | 50-75 |
| 4 | | | | |
| 1 | | | | |
| 3 | 42 | 25 | 25 | 31 |
| 4 | 10 | 14 | 10 | 11 |
| 389,884 | 472,000 | 538,000 | 483,000 | 465,000 |
| 1,015,000 | 980,000 | 963,000 | 910,000 | 935,000 |

VILLAGE OF PALOS PARK, ILLINOIS

Capital Asset Statistics

Last Ten Fiscal Years

| Function/Program | 2012 | 2011 | 2010 | 2009 | 2008 |
|-----------------------------|-----------|-----------|---------|---------|---------|
| PUBLIC SAFETY | | | | | |
| Police | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | 8 | 8 | 8 | 7 | 8 |
| PUBLIC WORKS | | | | | |
| Residential Streets (Miles) | 14.70 | 14.70 | 14.70 | 14.70 | 14.70 |
| WATER | | | | | |
| Water Mains (Miles) | 52.24 | 52.24 | 52.24 | 51.08 | 50.58 |
| Fire Hydrants | 730 | 730 | 730 | 730 | 726 |
| Storage Capacity (Gallons) | 1,300,000 | 1,300,000 | 800,000 | 800,000 | 800,000 |
| WASTEWATER | | | | | |
| Sanitary Sewers (Miles) | 39.37 | 39.37 | 39.37 | 39.37 | 39.27 |
| Storm Sewers (Miles) | 7.67 | 7.67 | 7.67 | 7.67 | 7.67 |

Note:

All Village arterial streets, streetlights and traffic signals are not owned by the Village.

Data Source

Appropriate Village Departmental Directors

| 2007 | 2006 | 2005 | 2004 | 2003 |
|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 4 3 | 1 7 | 1 7 | 1 7 | 1 7 |
| 14.70 | 14.70 | 14.70 | 14.70 | 14.70 |
| 3.90 1 3 3.5 | 50.58 722 800,000 | 50.58 716 800,000 | 50.31 716 800,000 | 49.99 700 800,000 |
| 39.27 7.67 | 39.27 7.48 | 38.70 7.29 | 38.70 7.18 | 37.75 7.06 |