

VILLAGE OF PALOS PARK, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
April 30, 2007

Prepared by the Finance Department

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INTRODUCTORY SECTION

**VILLAGE OF PALOS PARK, ILLINOIS
OFFICERS AND OFFICIALS
YEAR ENDED APRIL 30, 2007**

MAYOR

John F. Mahoney

BOARD OF COMMISSIONERS

Dan Polk, Commissioner of Public Health and Safety

Mary A. O'Connor, Commissioner of Accounts and Finance

James Pavlatos, Commissioner of Building and Public Property

Ray De Vries, Commissioner of Public Works and Streets

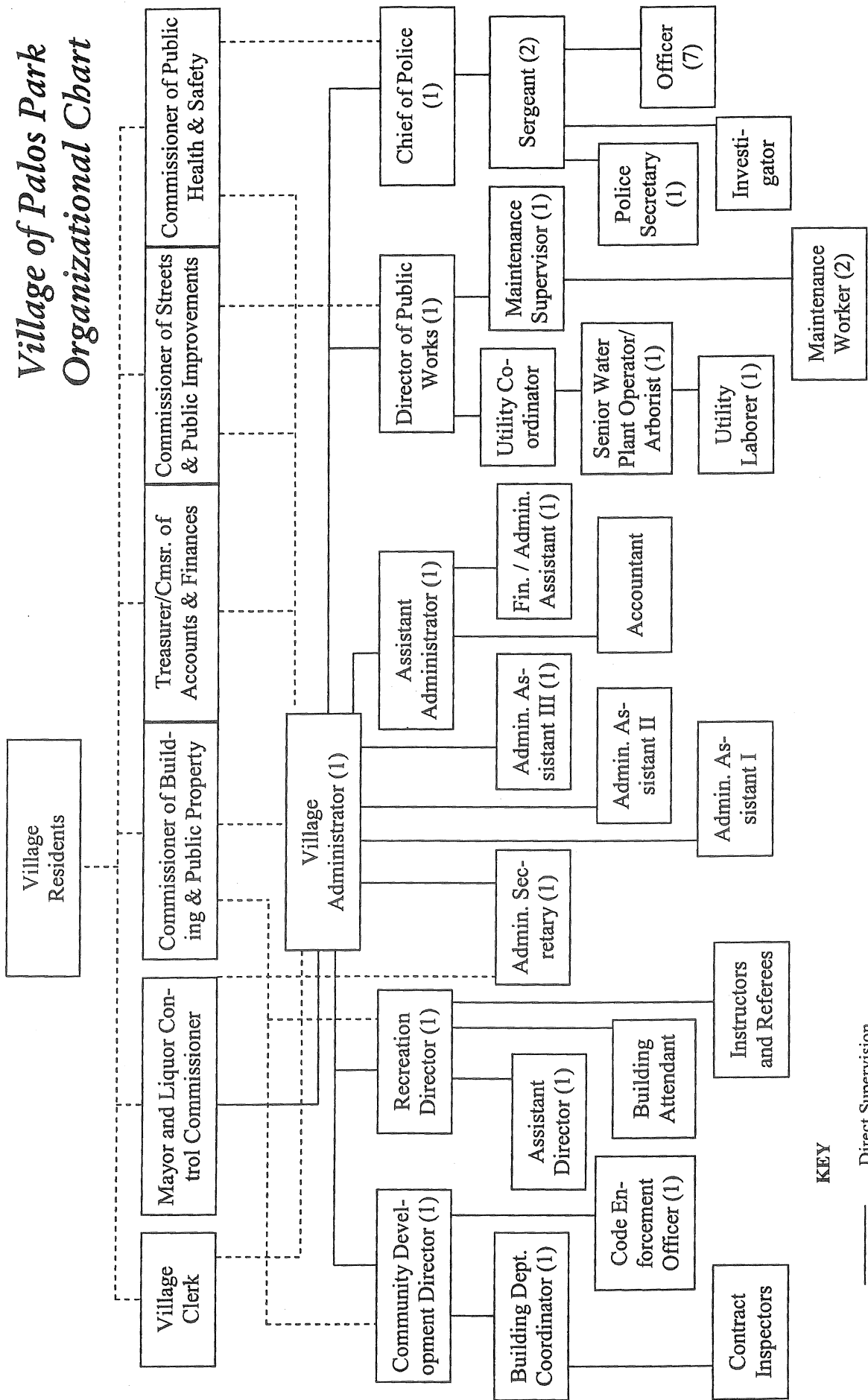
CLERK

Carol Bryson

ADMINISTRATOR

Patricia L. Jones

Village of Palos Park Organizational Chart



KEY
 — Direct Supervision
 - - - General Oversight

Number of Full-Time Employees in Parenthesis

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, 2006

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.



Charles S. Cox

President

Jeffrey R. Enow

Executive Director



JOHN F. MAHONEY
Mayor

MARY A. O'CONNOR
Accounts and Finances, Treasurer

NICOLE MILOVICH-WALTERS
Public Works and Streets, Recreation

Village of Palos Park

*"Service to Our Residents and Dedication
to the Preservation of Palos Park"*

DAN POLK
Public Health and Safety

JAMES PAVLATOS
Building and Public Property

CAROL A. BRYSON
Village Clerk

PATRICIA L. JONES
Village Administrator

October 24, 2007

Honorable Mayor and the
Village Council
Village of Palos Park
Palos Park, Illinois

Mayor and Village Council:

State law requires that every general purpose local government publish within 6 months of the close of each fiscal year a complete set of audited financial statements. This Comprehensive Annual Financial Report (CAFR) of the Village of Palos Park, Illinois is hereby submitted and published to fulfill that requirement for the fiscal year ended April 30, 2007. 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 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.

The independent auditor's report is located at the front of the financial section of the CAFR. The Village of Palos Park is pleased to report that independent audit firm Sikich LLP has issued an unqualified ("clean") opinion on the Village's financial statements for the year ended April 30, 2007. The MD&A immediately follows the independent auditor's report and 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.

Starting in FY07, GASB 44 establishes and modifies requirements related to the supplementary information in the statistical section. The statistical section now better 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 4,689 people (2000 Census). The Village of Palos Park covers an area of 36 square miles and is an upscale community that prides itself on its semi-rural character. It has developed high-quality residential neighborhoods in which 97% of the homes are owner-occupied. The population of the community is very stable; according to the 2000 Census, 51.4% of owners have been resident since 1989 or earlier. The median age of residents is 46.9 years with 23.3% of residents over 62 years old. Two important concerns of residents are the maintenance of property values and environmental and 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 on 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 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. Usually, 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. Over 47.4 percent of the employed are managers, professionals, and related occupations. Thus, a majority of its employed residents commute into work, averaging 35.6 minutes of travel, with most presumably going into Chicago. Their commute traditionally has been by Interstate 55, affectionately known as the Stevenson. However, increasingly commuters are ditching the traffic and instead taking advantage of the increased parking and Metra train departures at the Village's new rail. 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.

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 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 Administrator, Village Attorney, and the 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. Spending is legally authorized by the Village's annual appropriations ordinance. The annual appropriation is typically 150% of each budget item in order to account for emergency 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

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. 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).

Fiscal year 2007 saw the Village issuing an installment note to pay for a new park. Ignoring the revenue from this note, as it was a one-time unusual item, the General Fund revenues increased 5.75% in FY07 (to \$4,196,802, or \$4,751,007 with the note proceeds). Property taxes increased 6.5% and the income tax increased 11%. However, these gains were almost exactly offset by dramatic decreases utility taxes; Nicor taxes dropped 34.5% (a warm winter followed a cold one) and phone utility taxes fell by 18% (people switched to cell and VOIP phones). The rest of the revenue story is similar. Sales taxes increased, but Places for Eating tax decreased. \$31,500 came in from a new monopole rental agreement, but a cable company that had been paying the Village \$23,000 a year for access to a tower closed their doors. Recreation Department revenues increases were almost entirely due to a one-time DCEO grant. Permit fees did increase by \$82,500, but this is mainly attributable to the Shadow Ridge development that will be finished in around two more years.

Again, ignoring the one-time park purchase, the General Fund expenditures increased slightly over \$400,000. This 10.25% increase in expenditures contrasts with the 5.75% increase in revenues and reflects the situation in most Illinois municipalities and counties in recent years. Legal fees increased \$89,684 or 91%. The Recreation Center saw air conditioning installed at a cost of almost \$65,000, although \$40,000 was from the DCEO grant mentioned above. Almost all of the rest is due to a personnel cost increase of \$210,398 or 9.5% (with wages increasing 10.0% and benefits increasing 8.25%).

The Exaction Fund undertook over \$80,000 in street, drainage, and transportation improvements in FY07, none of which had happened in FY06. The ½% Sales Tax Fund had \$70,000 additional revenue and it undertook engineering costs for road improvements of \$111,000.

The Police Asset Forfeiture Fund took in less than 15% of its projected revenues, or over \$100,000 less than in the previous year. As this was the budgeted fund for new police vehicles, the Police Department could not purchase any vehicle in FY07.

The Enterprise Funds all took in more than they spent. However, sewer receipts were flat and water revenues declined, both because there was a large drought in the summer of 2005 (FY06). Water and Sewer tap-in fees were up sharply, but this is mainly due to the nonrecurring new houses in the Shadow Ridge subdivision referenced above. The Sewer and Water funds added new lines at the end of 94th Ave. in FY07.

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

As of April 30, 2007, the Palos Park held unreserved, undesignated fund balance equal to 30.4% of FY07 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 5-year budget projections and a 5-year capital improvement plan for equipment and

infrastructure. In addition, the Comprehensive Plan 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 FY07, the Village Council was close to completing a Commercial Areas Master 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).

Major Initiatives for the Year and for the Future

Each year, the Village prepares several goals during the budget process. These goals are detailed below.

ADMINISTRATION DEPARTMENT

- Transfer of institutional knowledge to database.
- Research all closed Special Assessments that still have positive fund balances to see if there were any receipts 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.
- Amend the Comprehensive Plan.
- Reinstigate presentation to Council of annual reports by department managers.
- Continue efforts toward the annexation and commercial development of Bell Road and McCarthy Road.
- Continue annexation efforts in the South Palos Sanitary District area, a residential area of property located south of 127th Street to the north side of 131st Street and from 80th Avenue on the east to 86th Avenue on the west.
- Rent Village house at 12309 S. 90th Ave.
- Advance the development plan for a multi-museum facility, bike trail, and gardens on MWRD leased property located at 86th Avenue and Rt. 83.
- Continue active participation as a member of the Cal Sag Bike Trail Coalition and begin Phase I engineering.
- Negotiate a second cable franchise agreement with Comcast.
- Develop and implement a strategic plan for the parkland use and District 118 field lease.

- Fill vacancies on Village Plan Commission and Zoning Board.
- Initiate the AT&T Project Lightspeed plan.
- Pursue approval of and funding for the traffic light control and installation at Creek Road and LaGrange Road.
- Reassign train station lease to a new vendor.
- Approve lease agreement with T-Mobile for a monopole at the Village garage property contingent upon consummating an agreement with Palos Oak Hill Cemetery Board.
- Abrogate agreement on 86th Avenue with Cook County Highway Department (CCHD).
- Work with the Finance and Police Departments to negotiate a 3-year MAP 150 Union contract.
- Work with Finance Department and Alvord, Burdick & Howson, L.L.C. on the Council authorized water and sewer rate study.
- Work with Public Works to accomplish and complete the Holy Family Villa water and sewer extension project.
- Mentor, guide, and share institutional knowledge with the new Public Works Director.
- After acquiring the drainage easement from a McCarthy Road resident, submit plans for ditch work to IDOT and Palos Heights. Then execute construction of the project.
- Continue with community development activities for commercial locations in the Village. This will include work to continue the retention of Francesca's, help the Village Courtyard regain a food and beverage tenant, promote development of the vacant lot east of Republic Bank, and encourage an upscale breakfast and lunch café to locate at a new building enterprise on LaGrange Road near 131st Street.
- Address code violations at Fitzjoy Farm.
- Address two non-conforming commercial uses.

BUILDING DEPARTMENT

- 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 more effective.
- Review and analysis of 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 demo permit procedure and demo permit fees.
- Revise the grading and drainage section of the code to address top of foundation relative to neighboring properties.
- Analyze of building permit fees.

- Review permit expiration dates to make longer for house larger than 5000 square feet.
- Impose higher fines for violation of Village building codes and policies.
- Review the possibility residential fire sprinkler systems of houses of 5000 square feet or larger.
- Purchase and install AutoCAD/GIS software to provide some limited in house mapping capabilities. This would devote departmental resources to help better the information provided to the residents.

FINANCE DEPARTMENT

- Receive the GFOA's Certificate of Achievement for Excellence in Financial Reporting for the 2007 Fiscal Year's Comprehensive Annual Financial Report (CAFR). The CAFR will have to incorporate the new GASB 44 statistical section changes, when it is written.
- Receive the GFOA's Distinguished Budget Presentation Award for the 2008 Fiscal Year.
- Enforce written budget procedure.
- Work on the new audit standards of SAS 104-111.
- Examine the whole user fee and penalty structure and present findings to the Council. The Council can then determine, service by service, whether end users should pay for these Village services or whether the service should be a broad one that the Village provides at no additional cost.
- Examine a 1% Non-Home Rule Sales Tax (currently set at 0.5%).
- Continue the lengthy research process with Comcast to collect past due franchise fees.
- Develop a plan to proactively work with commercial landlords and developers to attract businesses that would both reflect well on the community and generate sales tax and Places of Eating tax revenues. Such a plan would conform to the Village's Commercial Areas Master Plan.
- Examine other ways to expand the Village's revenue base through discussions with other municipalities.
- Create and begin implementation of a plan to fund development of the new West-End Park through donations and naming rights to the park and its facilities.
- Create a plan on funding the MWRD museum campus, looking specifically at donations and grants.
- Work with the Historic Preservation Commission and the McCord House NFP on Pioneers In The Park, a celebration of the McCord House's selection as the Village's first historically designated building.
- Work with a contracted historic consulting firm to wrap up the Village's first historic survey.
- Increase awareness of the new direct debit program.
- Increase awareness of the new Metra parking sticker program.

- Improve the vehicle sticker program to increase the percentage of vehicles covered and reduce mailings.
- Institute an electronic document retention program that satisfies the Local Records Act, FOIA, and the Federal Rules of Civil Procedure while taking cost into consideration.
- Develop a plan to address a forced MSI software upgrade as Microsoft Vista is implemented.
- Convert the Village's cable station from VHS to DVD.
- Work with Administration on negotiations for a second cable provider to replace TVMax, with the Finance Department placing a particular emphasis on technical requests.
- Spearhead the inter-departmental effort to accumulate GIS compatible data.
- Develop a better process for tracking and collecting the Places of Eating tax.
- Work with the Administration and Police Departments to negotiate a 3-year MAP 150 Union contract.
- Examine with the Village Administrator any inconsistencies between the personnel manual and the Village Code with respect to work week hours, overtime, and comp time. Recommend changes to the Village Council.
- Formulate a new timesheet for all non-sworn employees to improve accuracy, uniformity, and payroll processing time.
- Examine health care costs and trends. Develop a plan to address these rising costs.
- Provide financial assistance, as needed, for any annexation plans that the Village Council may consider.

POLICE DEPARTMENT

- Expand our field patrol staff, (1) additional sworn patrol officer and an additional patrol sergeant to join current contingent of patrol staff.
- Utilize allocated asset forfeiture funds from the D.E.A. Task Force officers to pay for various enforcement, interdiction and education initiatives.
- Patrol fleet maintenance detection and prevention overseen by our fleet manager to work tirelessly on a concerted effort to bring down vehicle maintenance associated cost.
- Focus on patrol unit/officer driving safety reduces accident (s) through a joint venture with IRMA to focus on prevention and training.
- Continue to build the Emergency Management Agency & support training, equipment and staff for deployment. Make EMA a fully functional and operating agency.
- Patrol coverage enhancement
- Traffic Safety/Awareness/Enforcement Initiatives.

PUBLIC WORKS DEPARTMENT

- Monitor Cook County Highway Department's (CCHD) resurfacing of 86th Avenue.
- Monitor IDOT's McCarthy Road resurfacing and storm drainage work.
- Complete the Holy Family Villa water and sewer extension venture.
- Install an 800,000 gallon underground water storage reservoir at the pump station.
- Carry out the inspection and refurbishment of the Village water tower.
- Implement the 2007 Motor Fuel Tax (MFT) road project.
- Carry out the paving of the McCord House parking lot.
- Address code violations at Fitzjoy Farm.
- Accomplish 116th Avenue culvert drainage improvements.
- Undertake hydraulic analysis for replacement of culvert at 116th Avenue. Redefine swale in the Forest Preserve with MWRD. Construct project.
- Acquire drainage easement, and then submit a drainage proposal to IDOT and Palos Heights for permitting to resolve 79th Ave. drainage problems.
- Investigate and research a strategic plan for stormwater relief on 88th Avenue north of 123rd Street.
- Undertake field work for NPDES to detect illicit discharges and adopt a storm water management ordinance.
- Improve departmental record keeping.

RECREATION DEPARTMENT

- Continue to improve on condition of facility/equipment through regular cleaning and maintenance of other Recreation Department spaces.
- Revitalize and reenergize Recreation Department special events, including Easter Egg Hunt, Spring Fun Run, Halloween Party, and Breakfast with Santa.
- Improve marketing of programs through regular flyer distribution through District 118 schools and more press releases.
- Hire an additional part-time Recreation Administrative Assistant to ensure the Recreation Office is staffed on a full-time basis.
- Develop and implement policies and procedures manuals.
- Implement new adult/senior programs.
- Implement new children/teen programs.
- Add an adult sport league to recreation program.
- Increase Rental revenue at the Recreation Center and Palos West.
- Develop plan for west end park.

Relevant Financial Policies

The Village Council has in place several key written financial policies including a fund balance policy, net unrestricted assets policy, capitalization policy, investment policy, purchasing policy, capital equipment fund and finance and facilities plan. The General Fund fund balance policy is currently 25% of expenditures reported in the most recent CAFR.

Awards and Acknowledgments

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, 2006. This was the 8th 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 Village of Palos Park's comprehensive annual financial report was made possible by the diligent efforts of both the Administration and Finance Departments of the Village of Palos Park. All members of both these departments have my gratitude for this accomplishment. I would also like to thank our accounting firm, Sikich LLP, for their guidance through this process. I would also like to extend a special thanks to Patricia Jones, Village Administrator, and Kent Oliven, Finance Director, whose leadership was essential for completing this project. Finally, but certainly not the least, I want to thank and extend my appreciation to the Mayor, Commissioners, former Council members, and our executive staff including Police Chief Joe Miller, our former Public Works Director Larry Miller, our new Public Works Director Rachael Kaplan, Recreation Director Nicole Marxman, and Director of Building and Zoning Craig Eyer, who have all been instrumental in the planning and implementation of this project.

Respectfully Submitted,



Mary A. O'Connor
Commissioner of Accounts and Finances, Treasurer

FINANCIAL SECTION



998 Corporate Boulevard • Aurora, IL 60502

Members of American Institute of
Certified Public Accountants &
Illinois CPA Society

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the Village Council
Village of Palos Park, Illinois

We have audited the accompanying financial statements 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 and for the year ended April 30, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Village of Palos Park, Illinois' management. Our responsibility is to express opinions on these basic 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 basic 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 basic 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, 2007, 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.

The Management's Discussion and Analysis and other required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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 combining and individual fund statements and schedules and supplemental data in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical information listed in the table of contents was not audited by us and, accordingly, we do not express an opinion thereon.

A handwritten signature in black ink that reads "Seich LLP". The signature is written in a cursive, flowing style.

Aurora, Illinois
October 17, 2007

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

VILLAGE OF PALOS PARK, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2007

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 ended April 30, 2007. This should be read in conjunction with the transmittal letter at the front of this report and with 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 April 30, 2007 were \$27,515,420; an increase of \$1,103,721 during the year.
- Governmental activity summary – Net assets for governmental activities increased by \$788,726 during the year.
- Business-type activity summary – Net assets for business-type activities increased by \$314,995 during the year.
- General Fund summary – The Village's General Fund reported an increase of \$4,611 in fund balance for the year.
- Budget vs. actual – The Village's budgeted revenues for governmental funds exceeded total actual revenues by \$169,976 while the actual expenditures were more than total budgeted expenditures by \$423,759.
- New capital – Net capital and infrastructure assets increased by \$1,051,932.
- New debt – The Village issued two installment contracts during FY07. The first was for \$570,000 to purchase 5 acres of future parkland. The second was for \$83,599 for a dump truck.

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 non-major 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 system	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 & 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 & 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 be corporate-like 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 and 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 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 (i.e. Police Pension) or agent. 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 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. GASB S-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

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets:

Table 1
Statement of Net Assets For Fiscal Years 2006 and 2007
As of April 30, 2007

	<i>Governmental Activities 2006</i>	<i>Governmental Activities 2007</i>	<i>Business-type Activities 2006</i>	<i>Business-type Activities 2007</i>	<i>Total Primary Government 2006</i>	<i>Total Primary Government 2007</i>
<i>Assets:</i>						
<i>Current and Other Assets</i>	\$ 2,978,416	\$ 3,165,755	\$ 1,612,732	\$ 1,867,251	\$ 4,591,148	\$ 5,033,006
<i>Capital Assets</i>	4,277,538	5,373,769	22,351,655	22,307,356	26,629,193	27,681,125
Total Assets	\$ 7,255,954	\$ 8,539,524	\$ 23,964,387	\$ 24,174,607	\$ 31,220,341	\$ 32,714,131
<i>Liabilities:</i>						
<i>Other Liabilities</i>	\$ 1,069,943	\$ 1,172,930	\$ 52,065	\$ 48,076	\$ 1,122,008	\$ 1,221,006
<i>Long-Term Liabilities</i>	2,302,561	2,694,832	1,383,659	1,282,873	3,686,220	3,977,705
Total Liabilities	\$ 3,372,504	\$ 3,867,762	\$ 1,435,724	\$ 1,330,949	\$ 4,808,228	\$ 5,198,711
<i>Net Assets:</i>						
<i>Invested in capital assets, net of related debt</i>	\$ 2,108,522	\$ 2,997,346	\$ 20,981,990	\$ 21,036,524	\$ 23,090,512	\$ 24,033,870
<i>Restricted</i>	142,385	150,945	-	-	142,385	150,945
<i>Unrestricted</i>	1,632,543	1,523,471	1,546,673	1,807,134	3,179,216	3,330,605
Total Net Assets	\$ 3,883,450	\$ 4,671,762	\$ 22,528,663	\$ 22,843,658	\$ 26,412,113	\$ 27,515,420

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.

Net Results Of Activities – Impacts (increases/decreases) current assets and unrestricted net assets.

Borrowing For Capital – Increases current assets and long-term debt.

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 debt.

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.

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 debt.

Reduction Of Capital Assets Through Depreciation – Reduces capital assets and invested in capital assets, net of debt.

Current Year Impacts-Net Assets

The Village's combined net assets increased from \$26,412,313 to \$27,515,420 with the increase in governmental capital assets just covering the decrease in business type capital assets. Net assets of the Village's governmental activities were increased \$788,726 during the year and ended the year at \$4,671,762. The Village's unrestricted net assets for governmental activities, the part of net assets that can be used to finance daily operations, were \$1,523,471.

The net assets of business-type activities increased by \$314,995 during the year and ended the year at \$22,843,658. Unrestricted net assets, available to finance the continuing operation of its business type activities, were \$1,807,134. Business type activities include water, sewer, and commuter parking lot services. The annual operating cost of these services for FY07 was approximately \$1,826,387.

Major capital activity during the year included the purchase of a dump truck through an installment contract. A west-end park land was purchased through another installment contract for \$570,000. A \$40,000 DCEO grant financed most of the installation of air conditioning for the Recreation Center. Other non-debt financed major capital activity from the Capital Expenditure Department of the General Fund included a \$3,000 photocopier, \$15,075 police radios, and a \$10,000 remodeling of the Building Department.

The Village continued to make payments on the debt service for the Sluis Residential Property, Kaptur Administrative Center, dump truck, and pick-up Installment Contracts, as well as two sales tax rebate notes and two G.O. Alternate Revenue Water and Sewer Bonds.

CHANGES IN NET ASSETS

Statement of Changes In Net Assets

The following chart reflects the condensed Statement of Changes In Net Assets.

Table 2
Changes in Net Assets for Fiscal Years 2006 and 2007
For the Fiscal Year Ended April 30, 2006

	<i>Governmental Activities 2006</i>	<i>Governmental Activities 2007</i>	<i>Business-type Activities 2006</i>	<i>Business-type Activities 2007</i>	<i>Total Primary Government 2006</i>	<i>Total Primary Government 2007</i>
REVENUES						
<i>Program Revenues:</i>						
Charges for Services	\$ 1,251,703	\$ 1,355,316	\$ 1,061,673	\$ 1,050,189	\$ 2,313,376	\$ 2,405,505
Operating grants	400,799	210,353	-	-	400,799	210,353
Capital grants	-	520,000	-	510,000	-	1,030,000
<i>General Revenues:</i>						
Property Taxes	899,096	956,234	-	-	899,096	956,234
Sales Taxes	849,185	890,588	-	-	849,185	890,588
Utility Taxes	654,620	558,092	-	-	654,620	558,092
Income Taxes	358,296	395,205	-	-	358,296	395,205
Other Taxes	187,788	147,006	-	-	187,788	147,006
Investment Income	48,715	90,893	50,846	93,701	99,561	184,594
Gain on Sale of Capital Assets	8,297	-	-	-	8,297	-
Contributions	-	-	-	-	-	-
Other	62,566	59,050	305,825	487,492	368,391	546,542
Total Revenues	<u>\$ 4,721,065</u>	<u>\$ 5,182,737</u>	<u>\$ 1,418,344</u>	<u>\$ 2,141,382</u>	<u>\$ 6,139,409</u>	<u>\$ 7,324,119</u>
EXPENSES						
General Government	\$ 724,948	\$ 892,396	\$ -	\$ -	\$ 724,948	\$ 892,396
Public Safety	1,687,093	1,643,589	-	-	1,687,093	1,643,589
Public Works	379,832	550,148	-	-	379,832	550,148
Building and Public Grounds	749,496	642,185	-	-	749,496	642,185
Culture & Recreation	333,239	314,641	-	-	333,239	314,641
Solid Waste	224,678	235,692	-	-	224,678	235,692
Water	-	-	1,185,855	1,153,590	1,185,855	1,153,590
Sewer	-	-	625,027	573,225	625,027	573,225
Commuter Lot	-	-	27,900	99,572	27,900	99,572
Interest	106,592	115,360	-	-	106,592	115,360
Total Expenses	<u>\$ 4,205,878</u>	<u>\$ 4,394,011</u>	<u>\$ 1,838,782</u>	<u>\$ 1,826,387</u>	<u>\$ 6,044,660</u>	<u>\$ 6,220,398</u>
Change in Net Assets	\$ 515,187	\$ 788,726	\$ (420,438)	\$ 314,995	\$ 94,749	\$ 1,103,721
Ending Net Assets	\$ 3,883,450	\$ 4,671,762	\$22,528,663	\$22,843,658	\$ 26,412,113	\$27,515,420

Normal Impacts-Changes In Net Assets

Reflected below are eight 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 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 (2.5% for 2006 levy) or 5.0%, plus and 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 Village strives to maintain a competitive salary range position in the marketplace.

Inflation – Overall inflation appears to be modest (the CPI-U was 2.6% at the end of FY07 compared to the end of FY06), 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 15 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 15 year period concluding at the end of calendar 2005 the CPI increased a cumulative 26%, while the MPI increased a whopping 71%. 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 15 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 new statistical section at the conclusion of this document.

Current Year Impacts-Changes In Net Assets

Governmental Activities

Revenue:

Revenues, in general, were impacted during the year by the economy as certain revenues declined or were stagnant. Revenues from governmental activities totaled \$5,182,737 (\$1,355,316 for Charges for Services; \$210,353 for Operating Grants; \$520,000 for Capital Grants, and \$3,097,068 for General Revenues). Property taxes were the Village’s largest source of revenue at \$956,234. Property tax revenue increased by 6.6% for FY07. Sales tax revenue increased by 10.3%, but was \$102,339 less than the budget projected. Utility taxes decreased 17.6%, with Nicor revenues decreasing due to a warmer winter than the previous year and phone revenues declining due to resident’s switch to cell and VOIP (internet) phones. These were \$119,718 and \$107,811 below budgeted projections. Tower rental fees from the cable company TVMax declined sharply as the company shut its doors across the nation. However, a new Verizon monopole co-locate brought in an additional \$31,500. Building Department contractor licenses, permits, inspection fees, and review fees increased by 38.5%, due to the development of a 54 acre subdivision. State income taxes increased by 11.2% (or \$85,196 over budget projections), which many have attributed to larger than expected capital gains. In the non-major governmental Police Asset Forfeiture Fund only \$22,469 of a budgeted \$160,000 was received in FY07, continuing a trend (FY06’s revenues were \$41,169 under budget and \$53,327 less than in FY05). Other revenue sources have experienced minor increases or decreases, but are relatively minor changes.

Expenses:

Expenses for governmental activities totaled \$4,394,011, a 4.5% increase. Some of the more notable increases in spending are noted below. Personnel costs (including employment taxes) increased 9.5% (with wages increasing 10.0% and benefits increasing 8.2%) as the Village added a Finance Director and a Code Enforcement Officer. A part-time employee was also moved to full time to augment the Building Department staff, and the part-time accountant's hours increased. In the Public Works Department the road staff had their summer hours increased from 35 hours per week to 40 hours per week. While the Police Department's salaries did not have as significant of an increase as the aforementioned departments, their salaries and benefits have increased 51.1% since 1999 and constitute 54.7% of the General Fund's salaries and benefits. Legal fees increased 90.7% to \$188,549 in FY07, as the Village had some development and annexation agreement work, litigation around a zoning case (that the Village won) and code amendments. Police Department total costs increased \$76,870 to \$1,603,058. In the non-major governmental Police Asset Forfeiture Fund two budgeted police vehicles were not purchased due to a lack of revenue in that fund as mentioned above. FY07 was the second year of the ten year period that pays most of the principal on the Kaptur Administrative Center.

Business-Type Activities

Revenue:

Revenue from business-type activities totaled \$2,141,382 (\$1,050,189 Charge for Services; \$581,193 from investments and other income), an increase of \$213,038 over the previous fiscal year. Additional revenues from the newly expanded Metra station parking lot almost offset the decreases in water and sewer services (the summer of 2005 had a severe drought which led to higher than usual demand). FY07 saw large increases in water and sewer tap-in fees. Additionally, these funds saw \$510,000 in contribution revenue. It was projected in FY07 that a water revenue bond would be floated to pay for an underground water storage tank, but this was not done.

Expenses:

Expenses for business-type activities totaled \$1,826,387, slightly less than in the previous year. Personnel expenses declined by 11.2%. Water purchases decreased by 13.8% to 264,818, again because there had been a severe drought in the summer of 2005 (people were frantically watering trees and shrubs in a partially successful attempt to keep them alive). Sewer services decreased from \$116,058 to \$64,950, or 44%. There were significantly higher expenses in sewer improvements as final payments were made for the 94th Ave./Munch Subdivision/Rodriquez/Rod Estates Subdivision sewer extension. However, these were essentially offset by lower engineering, pump maintenance, and sewer/drainage maintenance costs. The Commuter Lot saw new expenditures for utilities (electric, gas, water, and sewer) in FY07. Additionally, the Village did additional landscaping and plantings after taking control of the station from Metra. Finally, as mentioned before, the budget had projected that an underground water storage tank would be constructed in FY07, but that has been moved to a later date.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

For the fiscal year ended April 30, 2007, the governmental funds reflect a combined fund balance of \$2,035,439; an increase of \$84,352, or 4.3%, over the prior year. Total revenues for the General Fund were less than the budgeted revenues by \$169,976, or 4.5%. 65.0% of that revenue shortfall can be attributed to lower than expected utility taxes, as people move away from traditional phones and the seasonal variations in FY07 were not as extreme as in FY06. Expenditures were higher than projected in the budget by \$423,759 or 8.8%. The healthy fund balance for all governmental funds covers 43.7% of all governmental revenues for FY07, an increase from the 41.4% in FY06.

The General Fund fund balance at April 30, 2006 was \$1,370,220. 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. While the Village would still consider its fund balance to be healthy, the recent trend, which does not differ from other municipalities in the state, is worth keeping an eye on. The fund balance represents approximately 28.5% of the Village's General Fund expenditures for FY07; a decrease from the 33.5% from FY06 and 41.2% level for FY05.

General Fund Budgetary Highlights

<i>General Fund</i>	<i>FY07 Budget</i>	<i>FY07 Actual</i>	<i>FY06 Actual</i>	<i>FY05 Actual</i>	<i>FY04 Actual</i>
<i>Revenues</i>					
<i>Taxes</i>	\$3,011,827	\$2,764,198	\$2,757,466	\$2,563,659	\$2,344,198
<i>Licenses & Permits</i>	449,050	505,647	415,187	389,771	292,189
<i>Intergovernmental</i>	149,236	73,921	40,677	28,040	54,454
<i>Other</i>	756,665	853,036	726,950	614,095	559,790
Total	\$4,366,778	\$4,196,802	\$3,940,280	\$3,595,565	\$3,250,631
<i>Expenditures</i>					
<i>Current</i>	(\$3,865,093)	(\$3,731,269)	(\$3,674,947)	(\$3,122,659)	(\$3,025,862)
<i>Capital Outlay</i>	(131,475)	(733,931)	(147,561)	(143,602)	(46,853)
<i>Debt Service</i>	(381,839)	(336,966)	(259,006)	(99,733)	(150,434)
Total	(\$4,378,407)	(\$4,802,166)	(\$4,081,514)	(\$3,365,994)	(\$3,223,149)
<i>Other Financing Sources</i>					
<i>(Uses)</i>					
<i>Transfers In</i>	\$ 110,433	\$ 0	\$ 39,973	\$ 0	\$ 77,000
<i>Transfers Out</i>	(60,000)	(60,200)	(50,000)	(250,000)	(50,000)
<i>Issuance of installment notes</i>	0	653,599	109,429	0	0
<i>Proceeds from sale of assets</i>	11,500	16,576	17,281	0	0
Total	\$ 61,933	\$ 609,975	\$ 116,683	(\$ 250,000)	\$ 27,000
Change in Fund Balance	\$ 50,304	\$ 4,611	(\$ 24,551)	(\$ 20,429)	\$ 54,482

Actual General Fund revenues were smaller than originally budgeted revenues by \$169,976 during FY07. Once again, the expenditures exceeded the budgeted amount (by \$423,759). Notable differences between the budget and actual numbers for Revenue, Expenditures, and Other Financing Sources are below.

Intergovernmental Revenues were \$75,315 less than expected. In the budget it was expected that the Village would receive a \$68,000 Illinois Tomorrow Corridor Planning state grant to reimburse for planning work on a transportation oriented development. The work that was not done in FY07, so the grant monies could not come through in FY07.

General Fund expenditures were \$423,759 more than anticipated. This entire amount is contained within the one-time unusual purchase of new parkland for \$570,000 (\$550,000 for the park and the rest for financing and closing costs).

In addition to the purchase of the parkland, Capital Outlay expenditures for FY07 included one dump truck and one Skidsteer for the Public Works Department. The Police Department purchased radios for \$15,075. The Building Department redesigned their space and purchased a copier.

In FY07 the Transfers In were projected to be \$110,443, but came in at \$0.

During fiscal year 2007, the Village Council made no budget amendments.

CAPITAL ASSET AND DEBT ADMINISTRATION
--

Capital Assets

At the end of Fiscal Year 2007, the Village's Governmental Funds had invested \$5,373,769 (see Notes to Financial Statements #6: Capital Assets) in a variety of capital assets and infrastructure (prospectively), as reflected in the following schedule.

**Table 3
Governmental Funds
Change in Net Capital Assets**

	<i>Beginning Balance, May 1, 2006</i>	<i>Additions/ Deletions</i>	<i>Ending Balance, April 30, 2007</i>
<i>Non-Depreciable Assets</i>			
<i>Land</i>	\$ 828,500	\$ 770,000	\$ 1,598,500
<i>Depreciable Capital Assets</i>			
<i>Infrastructure</i>	0	300,000	300,000
<i>Buildings and Improvements</i>	3,812,967	49,533	3,862,500
<i>Equipment and Vehicles</i>	655,346	31,549	686,895
<i>Accumulated Depreciation on Capital Assets</i>	(1,019,275)	(54,851)	(1,074,126)
Totals	\$ 4,277,538	\$ 1,096,231	\$ 5,373,769

As seen above, there was no new Construction-in-Progress or Construction-in-Progress retirements for the Governmental Funds in FY07.

In FY07 Public Works purchased a Caterpillar Skidsteer and a dump truck. The Building Department purchased a photocopier and reorganized the workspace in their department by adding an office and another desk. Finally, the Village purchased land for a future west-end park.

Debt Outstanding

As part of a 1990 annexation agreement, the Village issued to an \$875,000 note payable to the developer for the creation of a business district. As of April 30, 2007, the balance on this note was \$175,000.

In 2000, the Village issued a \$1,845,000 installment contract for the construction of the Kaptur Administrative Center. As of April 30, 2007, the balance on this installment contact was \$1,500,000.

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, 2007, the balance was \$216,000.

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, 2007, the entire balance was due.

The Village also has three installment purchase contracts for the purchase of vehicles. In 2005 the Village issued one for \$76,742 for a dump truck and one for \$67,948 for the purchase of two pick-up trucks. In the spring of 2007, the Village issued one for \$83,599 for the purchase of a dump truck. As of April 30, 2007, the balance on these contracts were \$90,423.

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 balance as of April 30, 2007 was \$434,042.

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, the combined balance was \$825,000.

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 \$18,946,163. The Village's potential total general obligation debt of \$825,000 is well within the limit. See Notes to Financial Statements #8: Long-Term Debt for additional information regarding the long-term debt of the Village.

ECONOMIC FACTORS

The Village's 2006 EAV (for taxes payable 2007) increased by only 2.7% over the 2005 EAV, which is significantly below the 21.4% experienced the year before. There are two explanations for this. First, and foremost, Palos Park had a triennial reassessment in 2005 which contributed this increase in 2005's EAV. Secondly, the nation has experienced at least a partial meltdown of the subprime mortgage industry which has flowed through to non-subprime properties, specifically the volume of new housing being built, the volume of existing housing being sold, and, ultimately, to home values. While the estimated number of subprime mortgages in Palos Park is probably fairly low, the small increase in EAV, given a larger than average amount of new construction in FY07, shows that this housing crisis has affected the community. A 2.7% increase in EAV directly affects property tax revenues and is especially difficult given that municipalities have been continually experiencing an inflation rate considerably higher than the country as a whole (see inflation section above). It is also worth stating at this point that the Village of Palos Park's property tax revenue is just 6.5% of the property tax assessed its citizens (this increases to 8.6% if you add the Village's library component unit). The Consumer Price Index for the Chicago-Gary-Kenosha area was 3.2% for April 2007; a figure above the national average of 2.6%. The Village of Palos Park had, according to the 2000 census a per capita income of \$39,861, median household income of \$88,628, and median home value of \$286,800.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Kent Oliven, Finance Director, Kaptur Administrative Center, 8999 W. 123rd Street, Palos Park, Illinois 60464.

VILLAGE OF PALOS PARK, ILLINOIS

STATEMENT OF NET ASSETS

April 30, 2007

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		Palos Park Public Library
ASSETS				
Cash and cash equivalents	\$ 1,715,842	\$ 1,625,357	\$ 3,341,199	\$ 698,163
Investments	368,157	157,781	525,938	-
Receivables, net of allowance where applicable				
Accounts	-	120,336	120,336	-
Property taxes	572,948	-	572,948	181,586
State sales tax	204,790	-	204,790	-
Other	206,401	-	206,401	-
Motor fuel tax allotments receivable	11,142	-	11,142	-
Due from (to) other funds	45,721	(45,721)	-	-
Prepaid expenses	40,754	9,498	50,252	-
Capital assets, not being depreciated	1,598,500	20,000	1,618,500	10,700
Capital assets, being depreciated (net of accumulated depreciation)	3,775,269	22,287,356	26,062,625	238,414
Total assets	8,539,524	24,174,607	32,714,131	1,128,863
LIABILITIES				
Accounts payable	465,874	30,016	495,890	-
Wages payable	71,568	5,386	76,954	7,291
Deposits payable	6,925	-	6,925	-
Accrued interest	42,614	12,674	55,288	-
Due to other governments	6,608	-	6,608	-
Unearned revenues	579,341	-	579,341	181,586
Long-term liabilities				
Due within one year	313,527	106,306	419,833	4,551
Due in more than one year	2,381,305	1,176,567	3,557,872	-
Total liabilities	3,867,762	1,330,949	5,198,711	193,428
NET ASSETS				
Invested in capital assets, net of related debt	2,997,346	21,036,524	24,033,870	249,114
Restricted for				
Public safety	11,676	-	11,676	-
Public works	103,344	-	103,344	-
Culture and recreation	35,925	-	35,925	686,321
Unrestricted	1,523,471	1,807,134	3,330,605	-
TOTAL NET ASSETS	\$ 4,671,762	\$ 22,843,658	\$ 27,515,420	\$ 935,435

See accompanying notes to financial statements.

VILLAGE OF PALOS PARK, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2007

	Program Revenues			
	Expenses	Charges for Services	Operating Grants	Capital Grants
FUNCTIONS/PROGRAMS				
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 892,396	\$ 288,273	\$ 40,000	\$ 520,000
Public safety	1,643,589	196,069	33,921	-
Public works	550,148	574	136,432	-
Building and public grounds	642,185	428,045	-	-
Culture and recreation	314,641	203,801	-	-
Solid waste	235,692	238,554	-	-
Interest	115,360	-	-	-
Total governmental activities	4,394,011	1,355,316	210,353	520,000
Business-Type Activities				
Water	1,153,590	815,765	-	450,000
Sewer	573,225	163,623	-	60,000
Commuter lot	99,572	70,801	-	-
Total business-type activities	1,826,387	1,050,189	-	510,000
TOTAL PRIMARY GOVERNMENT	\$ 6,220,398	\$ 2,405,505	\$ 210,353	\$ 1,030,000
COMPONENT UNIT				
Palos Park Public Library	\$ 315,806	\$ 14,842	\$ 5,737	\$ -

Net (Expense) Revenue and Change in Net Assets				
Primary Government				Component Unit
Governmental Activities	Business-Type Activities	Total	Palos Park Public Library	
\$ (44,123)	\$ -	\$ (44,123)	\$ -	
(1,413,599)	-	(1,413,599)	-	
(413,142)	-	(413,142)	-	
(214,140)	-	(214,140)	-	
(110,840)	-	(110,840)	-	
2,862	-	2,862	-	
(115,360)	-	(115,360)	-	
<hr/>				
(2,308,342)	-	(2,308,342)	-	
<hr/>				
-	112,175	112,175	-	
-	(349,602)	(349,602)	-	
-	(28,771)	(28,771)	-	
<hr/>				
-	(266,198)	(266,198)	-	
<hr/>				
(2,308,342)	(266,198)	(2,574,540)	-	
<hr/>				
-	-	-	(295,227)	
<hr/>				
General Revenues				
Taxes				
Property	956,234	-	956,234	297,152
Sales	890,588	-	890,588	-
Income	395,205	-	395,205	-
Utility	558,092	-	558,092	-
Other	147,006	-	147,006	5,430
Investment income	90,893	93,701	184,594	32,582
Miscellaneous	59,050	487,492	546,542	10,113
<hr/>				
Total	3,097,068	581,193	3,678,261	345,277
<hr/>				
CHANGE IN NET ASSETS	788,726	314,995	1,103,721	50,050
<hr/>				
NET ASSETS, MAY 1	3,883,036	22,528,663	26,411,699	885,385
<hr/>				
NET ASSETS, APRIL 30	\$ 4,671,762	\$ 22,843,658	\$ 27,515,420	\$ 935,435
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See accompanying notes to financial statements.

VILLAGE OF PALOS PARK, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2007

	General	Nonmajor	Total
ASSETS			
Cash and cash equivalents	\$ 1,082,914	\$ 632,928	\$ 1,715,842
Investments	368,157	-	368,157
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	572,948	-	572,948
State sales tax	164,188	40,602	204,790
Other	206,401	-	206,401
Motor fuel tax allotments receivable	-	11,142	11,142
Due from other funds	44,772	949	45,721
Prepaid items	40,754	-	40,754
TOTAL ASSETS	\$ 2,480,134	\$ 685,621	\$ 3,165,755
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 458,615	\$ 7,259	\$ 465,874
Deposits payable	6,925	-	6,925
Wages payable	71,568	-	71,568
Due to other governments	6,608	-	6,608
Deferred revenues	566,198	13,143	579,341
Total liabilities	1,109,914	20,402	1,130,316
FUND BALANCES			
Reserved for prepaid items	40,754	-	40,754
Reserved for public safety	-	11,676	11,676
Reserved for public works	-	103,344	103,344
Reserved for culture and recreation	-	35,925	35,925
Unreserved			
Undesignated			
General	1,329,466	-	1,329,466
Special revenue	-	127,168	127,168
Capital projects	-	387,106	387,106
Total fund balances	1,370,220	665,219	2,035,439
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,480,134	\$ 685,621	\$ 3,165,755

See accompanying notes to financial statements.

VILLAGE OF PALOS PARK, ILLINOIS

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

April 30, 2007

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 2,035,439
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	5,373,769
The net pension obligation is not a current financial resource and, therefore, is not reported in the governmental funds	(27,643)
Interest payable is not due and payable in the current period and, therefore, not reported in the governmental funds	(42,614)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(2,551,423)
Compensated absences payable is not due and payable in the current period and, therefore, is not reported in governmental funds	<u>(115,766)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 4,671,762</u></u>

See accompanying notes to financial statements.

VILLAGE OF PALOS PARK, ILLINOIS

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

For the Year Ended April 30, 2007

	General	Nonmajor	Total
REVENUES			
Property taxes	\$ 956,234	\$ -	\$ 956,234
Other taxes	1,807,964	182,926	1,990,890
Licenses, permits and fees	505,647	-	505,647
Intergovernmental	73,921	136,432	210,353
Charges for services	52,548	89,093	141,641
Fees by agreement	596,859	-	596,859
Fines and forfeits	93,637	17,533	111,170
Investment income	57,582	33,311	90,893
Miscellaneous	52,410	6,640	59,050
Total revenues	4,196,802	465,935	4,662,737
EXPENDITURES			
Current			
General government	757,685	18,760	776,445
Public safety	1,594,351	11,297	1,605,648
Public works	350,659	53,233	403,892
Building and public grounds	526,515	110,842	637,357
Culture and recreation	266,367	24,407	290,774
Solid waste	235,692	-	235,692
Capital outlay	733,931	177,855	911,786
Debt service			
Principal	221,192	50,000	271,192
Interest and fiscal charges	115,774	-	115,774
Total expenditures	4,802,166	446,394	5,248,560
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(605,364)	19,541	(585,823)

(This statement is continued on the following page.)

VILLAGE OF PALOS PARK, ILLINOIS

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

For the Year Ended April 30, 2007

	General	Nonmajor	Total
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 60,200	\$ 60,200
Transfers (out)	(60,200)	-	(60,200)
Issuance of installment contracts	653,599	-	653,599
Proceeds from sale of assets	16,576	-	16,576
Total other financing sources (uses)	609,975	60,200	670,175
NET CHANGE IN FUND BALANCES	4,611	79,741	84,352
FUND BALANCES, MAY 1	1,365,609	585,478	1,951,087
FUND BALANCES, APRIL 30	\$ 1,370,220	\$ 665,219	\$ 2,035,439

See accompanying notes to financial statements.

VILLAGE OF PALOS PARK, ILLINOIS

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

For the Year Ended April 30, 2007

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 84,352
Amounts reported for governmental activities in the statement of activities are different because:	
Contributions of capital assets are recorded as a revenue in the Statement of Activities	520,000
Governmental funds report capital outlay as expenditures, however, they are capitalized and depreciated in the statement of activities	715,632
Proceeds of installment notes are recorded as an other financing source in governmental funds but are recorded as an increase in long-term debt on the Statement of Net Assets	(653,599)
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	271,192
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	(139,401)
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	
Increase in accrued interest payable	414
Increase in compensated absences	(9,319)
Increase in net pension obligation	<u>(545)</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 788,726</u>

See accompanying notes to financial statements.

VILLAGE OF PALOS PARK, ILLINOIS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

April 30, 2007

	Business-Type Activities			
	Sewer			Total
	Water	Maintenance	Nonmajor	
CURRENT ASSETS				
Cash and cash equivalents	\$ 871,594	\$ 710,853	\$ 42,910	\$ 1,625,357
Investments	157,781	-	-	157,781
Accounts receivable	99,465	20,871	-	120,336
Prepaid expenses	4,623	4,121	754	9,498
Total current assets	1,133,463	735,845	43,664	1,912,972
CAPITAL ASSETS				
Capital assets, not being depreciated	20,000	-	-	20,000
Capital assets, being depreciated, cost	15,364,417	15,463,784	-	30,828,201
Less accumulated depreciation	(4,149,598)	(4,391,247)	-	(8,540,845)
Net capital assets	11,234,819	11,072,537	-	22,307,356
Total assets	12,368,282	11,808,382	43,664	24,220,328
CURRENT LIABILITIES				
Accounts payable	26,303	2,689	1,024	30,016
Wages payable	3,887	1,499	-	5,386
Due to other funds	-	-	45,721	45,721
Accrued interest	5,732	6,942	-	12,674
Compensated absences payable	1,435	371	-	1,806
General obligation bond payable	24,400	30,600	-	55,000
Installment contract payable	11,790	-	-	11,790
Special assessment bond payable	37,710	-	-	37,710
Total current liabilities	111,257	42,101	46,745	200,103
LONG-TERM LIABILITIES				
Compensated absences payable	8,131	2,104	-	10,235
General obligation bond payable	341,056	428,944	-	770,000
Special assessment bond payable	396,332	-	-	396,332
Total long-term liabilities	745,519	431,048	-	1,176,567
Total liabilities	856,776	473,149	46,745	1,376,670
NET ASSETS				
Invested in capital assets, net of related debt	10,423,531	10,612,993	-	21,036,524
Unrestricted	1,087,975	722,240	(3,081)	1,807,134
TOTAL NET ASSETS	\$ 11,511,506	\$ 11,335,233	\$ (3,081)	\$ 22,843,658

See accompanying notes to financial statements.

VILLAGE OF PALOS PARK, ILLINOIS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

For the Year Ended April 30, 2007

	Business-Type Activities			
	Sewer			Total
	Water	Maintenance	Nonmajor	
OPERATING REVENUES				
Charges for services	\$ 794,325	\$ 153,689	\$ 70,801	\$ 1,018,815
Sale of water meters	13,909	-	-	13,909
Other income	7,531	9,934	-	17,465
Total operating revenues	815,765	163,623	70,801	1,050,189
OPERATING EXPENSES				
Personnel	195,904	92,624	-	288,528
Commodities	16,724	8,124	3,869	28,717
Water purchases	264,818	-	-	264,818
Services	197,330	64,950	95,703	357,983
Repairs and maintenance	52,469	4,822	-	57,291
Depreciation	389,623	386,229	-	775,852
Total operating expenses	1,116,868	556,749	99,572	1,773,189
OPERATING INCOME (LOSS)	(301,103)	(393,126)	(28,771)	(723,000)
NONOPERATING REVENUES (EXPENSES)				
Investment income	54,430	37,225	2,046	93,701
Rental income	33,440	-	-	33,440
Tap-on fees	204,110	245,421	-	449,531
Contribution revenue	450,000	60,000	-	510,000
Interest expense	(36,722)	(16,476)	-	(53,198)
Other nonoperating revenue	-	4,521	-	4,521
Total nonoperating revenues (expenses)	705,258	330,691	2,046	1,037,995
NET INCOME	404,155	(62,435)	(26,725)	314,995
NET ASSETS, MAY 1	11,107,351	11,397,668	23,644	22,528,663
NET ASSETS (DEFICIT), APRIL 30	\$ 11,511,506	\$ 11,335,233	\$ (3,081)	\$ 22,843,658

See accompanying notes to financial statements.

VILLAGE OF PALOS PARK, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the Year Ended April 30, 2007

	Business-Type Activities			
	Water	Sewer		Total
		Maintenance	Nonmajor	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 820,867	\$ 165,713	\$ 70,801	\$ 1,057,381
Payments to suppliers	(529,354)	(79,273)	(98,456)	(707,083)
Payments to employees	(199,395)	(94,699)	-	(294,094)
Net cash from operating activities	92,118	(8,259)	(27,655)	56,204
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Increase in amounts due to other funds	-	-	45,721	45,721
Rental income	33,440	-	-	33,440
Tap-on fees	204,110	245,421	-	449,531
Other nonoperating income	-	4,521	-	4,521
Net cash from noncapital financing activities	237,550	249,942	45,721	533,213
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(110,777)	(110,777)	-	(221,554)
Principal paid on long-term debt	(70,833)	(28,000)	-	(98,833)
Interest paid on long-term debt	(37,047)	(17,094)	-	(54,141)
Net cash from capital and related financing activities	(218,657)	(155,871)	-	(374,528)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	48,422	37,225	2,046	87,693
Net cash from investing activities	48,422	37,225	2,046	87,693
NET INCREASE IN CASH AND CASH EQUIVALENTS	159,433	123,037	20,112	302,582
CASH AND CASH EQUIVALENTS, MAY 1	712,161	587,816	22,798	1,322,775
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 871,594	\$ 710,853	\$ 42,910	\$ 1,625,357

(This statement is continued on the following page.)

VILLAGE OF PALOS PARK, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
 PROPRIETARY FUNDS

For the Year Ended April 30, 2007

	Business-Type Activities			
	Water	Sewer Maintenance	Nonmajor	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (301,103)	\$ (393,126)	\$ (28,771)	\$ (723,000)
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	389,623	386,229	-	775,852
Changes in assets and liabilities				
Receivables	5,102	2,090	-	7,192
Prepaid expenses	564	502	92	1,158
Accounts payable	1,423	(1,879)	1,024	568
Accrued payroll and compensated absences	(3,491)	(2,075)	-	(5,566)
NET CASH FROM OPERATING ACTIVITIES	\$ 92,118	\$ (8,259)	\$ (27,655)	\$ 56,204
SUMMARY OF NONCASH TRANSACTIONS				
Contributed utility extensions	\$ 450,000	\$ 60,000	\$ -	\$ 510,000

See accompanying notes to financial statements.

VILLAGE OF PALOS PARK, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

April 30, 2007

	Pension Trust	Agency
ASSETS		
Cash and cash equivalents	\$ 7,754	\$ 2,183,969
Investments		
U.S. treasury securities	137,604	-
U.S. government agency securities	381,564	-
Municipal bonds	58,139	-
Negotiable certificates of deposit	32,798	-
Money market mutual funds	68,017	-
Accrued interest	8,320	-
	<u>694,196</u>	<u>\$ 2,183,969</u>
Total assets	<u>694,196</u>	<u>\$ 2,183,969</u>
LIABILITIES		
Accounts payable	-	\$ -
Due to property owners	-	2,183,969
	<u>-</u>	<u>\$ 2,183,969</u>
Total liabilities	<u>-</u>	<u>\$ 2,183,969</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 694,196</u>	

See accompanying notes to financial statements.

VILLAGE OF PALOS PARK, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

For the Year Ended April 30, 2007

ADDITIONS	
Contributions	
Employer	\$ 136,312
Employee	56,470
	<hr/>
Total contributions	192,782
Investment income	46,598
Less investment expense	(2,964)
	<hr/>
Net investment income	43,634
	<hr/>
Total additions	236,416
	<hr/>
DEDUCTIONS	
Benefits and refunds	103,876
Administration	910
	<hr/>
Total deductions	104,786
	<hr/>
NET INCREASE	131,630
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
May 1	562,566
	<hr/>
April 30	\$ 694,196
	<hr/> <hr/>

See accompanying notes to financial statements.

VILLAGE OF PALOS PARK, ILLINOIS
INDEX TO NOTES TO FINANCIAL STATEMENTS

April 30, 2007

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VILLAGE OF PALOS PARK, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Palos Park, Illinois (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

A. Reporting Entity

The Village of Palos Park, Illinois, a non-home rule Village was 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. No separate financial statements are available for the Library.

B. Fund Accounting

The Village 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 or activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of the Village's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general capital assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities That Use Proprietary Fund Accounting*, the Village has chosen to apply all GASB pronouncements as well as those FASB pronouncements issued on or before November 30, 1989 to account for its enterprise funds.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The Village utilizes a pension trust fund which is generally used to account for assets that the Village holds in a fiduciary capacity. The Village also utilizes agency funds for the collection of property taxes and the related payment of principal and interest on no government commitment special assessment bonds.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The Village reports the following major governmental funds:

The General Fund 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 reports 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 noncommitment debt repayment as agency funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (except for the agency funds which have no measurement focus). Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. The Village 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 non-operating.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales taxes and telecommunication taxes which use a 90 day period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Property taxes, sales taxes and telecommunication taxes owed to the state at year end, franchise fees, licenses, 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 Village.

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as 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 Village; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

The Village 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 Village 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 Village has a legal claim to the resources, the liability for deferred/unearned revenue is removed from the financial statements and revenue is recognized.

E. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Village's proprietary funds consider their equity in pooled cash and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments with a maturity of less than one year when purchased and non-negotiable certificates of deposit are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is based on prices listed on national exchanges as of April 30, 2007 for debt and equity securities. Mutual funds, investment funds and insurance separate accounts, if any, are valued at contract value as of April 30, 2007.

F. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

VILLAGE OF PALOS PARK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets are reported prospectively as of May 1, 2004. Capital assets are defined by the Village as assets with an initial, individual cost in excess of the following and an estimated useful life in excess of one year.

Asset Class	Capitalization Threshold
Buildings and improvements	\$ 10,000
Vehicles	10,000
Infrastructure	10,000
Water and sewer distribution system	10,000
Streets	10,000

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs, including street overlays that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	40
Infrastructure	40
Water and sewer distribution system	40
Vehicles	5
Streets	30

H. Compensated Absences

Vested or accumulated vacation leave, vested sick leave and compensatory time is reported as an expenditure and a fund liability of the governmental fund that will pay it once retirement or separation has occurred. Vested or accumulated vacation leave, vested sick leave and compensatory time of proprietary funds and governmental activities is recorded as an expense and liability of those funds as the benefits accrue to employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. 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 expenditures.

J. Fund Balance/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance, if any, represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. None of the Village's restricted net assets are restricted as a result of enabling legislation adopted by the Village. Invested in capital assets, net of related debt, represents the Village's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset.

K. Interfund Transactions

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”.

If applicable, advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

2. DEFICIT FUND BALANCE/NET ASSETS

The Business District Development Fund had a deficit fund balance of \$5,688 as of April 30, 2007. The Commuter Parking Lot Fund had deficit net assets of \$3,081 as of April 30, 2007.

3. DEPOSITS AND INVESTMENTS

A. Village 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 the Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value). The Village’s investment policy does limit their deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance.

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.

VILLAGE OF PALOS PARK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEPOSITS AND INVESTMENTS (Continued)

A. Village Investments (Continued)

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

Deposits with Financial Institutions

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

Investments

The following table presents the investments and maturities of the Village's debt securities as of April 30, 2007:

Investment Type	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	Greater Than 10
U.S. Treasury obligations	\$ 156,667	\$ -	\$ 108,804	\$ 47,863	\$ -
U.S. Agency obligations	363,896	-	349,905	13,991	-
Money market mutual funds	2,183,969	2,183,969	-	-	-
TOTAL	\$ 2,704,532	\$ 2,183,969	\$ 458,709	\$ 61,854	\$ -

In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market.

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in external investment pools. The U.S. Agency and Treasury Obligations 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 investments be limited to the safest types of securities invested with pre-qualified institutions, broker/dealers, intermediaries, and advisors and soundly diversified.

3. DEPOSITS AND INVESTMENTS (Continued)

A. Village Investments (Continued)

Investments (Continued)

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, 2007, the Village had greater than five percent of its overall portfolio invested in U.S. Agency Obligations, U.S. Treasury Obligations, and Money Market Mutual Funds. 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'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 the 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). Additionally, the 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.

VILLAGE OF PALOS PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEPOSITS AND INVESTMENTS (Continued)

B. Police Pension Investments (Continued)

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Police Pension Fund's deposits may not be returned to it. The 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.

Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of April 30, 2007:

Investment Type	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	Greater Than 10
U.S. Treasury obligations	\$ 137,604	\$ 19,750	\$ -	\$ 89,839	\$ 28,015
U.S. Agency obligations	381,564	-	191,744	129,676	60,144
Municipal bonds	58,139	-	-	-	58,139
Mutual funds	7,754	7,754	-	-	-
Negotiable certificates of deposit	32,798	32,798	-	-	-
TOTAL	\$ 617,859	\$ 60,302	\$ 191,744	\$ 219,515	\$ 146,298

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.

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 U.S. Agency Obligations and other highly rated Obligations. The U.S. Agency and Treasury Obligations are rated AAA, and the Municipal Bonds are also rated AAA.

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.

VILLAGE OF PALOS PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEPOSITS AND INVESTMENTS (Continued)

B. Police Pension Investments (Continued)

Investments (Continued)

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 investment to avoid unreasonable risk. At April 30, 2007, the Police Pension Fund had greater than five percent of its overall portfolio invested in U.S. Agency and Treasury Obligations and Municipal Bonds. The Police Pension Fund's investment policy requires that deposits in the Illinois Public Treasurer's Investment Pool shall not exceed 50% of the total portfolio. The policy provides no other limits on diversification.

4. RECEIVABLES - PROPERTY TAXES

Property taxes for the 2006 levy year attach as an enforceable lien on January 1, 2006, 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, 2007 and September 1, 2007, and are payable in two installments, on or about March 1, 2007 and October 1, 2007. The County collects such taxes and remits them periodically. The second half collections of the 2005 levy and the first half collections of 2006 are intended to finance the 2007 fiscal year. The remaining collections of the 2006 levy are not considered available for current operations and are, therefore, shown as deferred revenue. The 2007 tax levy has not been recorded as a receivable at April 30, 2007, as the tax attached as a lien on property as of January 1, 2007, however, the tax will not be levied until December 2007 and, accordingly, is not measurable at April 30, 2007.

5. OTHER RECEIVABLES

The following receivables are included in Other Receivables on the Statement of Net Assets:

GOVERNMENTAL ACTIVITIES	
Accounts	\$ 48,875
Local use tax	11,969
State income tax	39,514
Telecommunications tax	55,487
Court fines	11,057
Refuse on-site charges	39,499
	<hr/>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 206,401</u>

VILLAGE OF PALOS PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. CAPITAL ASSETS

Capital asset activity for the Village for the year ended April 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 828,500	\$ 770,000	\$ -	\$ 1,598,500
Total capital assets not being depreciated	828,500	770,000	-	1,598,500
Capital assets being depreciated				
Infrastructure	-	300,000	-	300,000
Buildings and improvements	3,812,967	49,533	-	3,862,500
Vehicles	655,346	116,099	84,550	686,895
Total capital assets being depreciated	4,468,313	465,632	84,550	4,849,395
Less accumulated depreciation for				
Infrastructure	-	10,000	-	10,000
Buildings and improvements	586,649	95,324	-	681,973
Vehicles	432,626	34,077	84,550	382,153
Total accumulated depreciation	1,019,275	139,401	84,550	1,074,126
Total capital assets being depreciated, net	3,449,038	326,231	-	3,775,269
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 4,277,538	\$ 1,096,231	\$ -	\$ 5,373,769
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Construction in progress	176,625	-	176,625	-
Total capital assets not being depreciated	196,625	-	176,625	20,000
Capital assets being depreciated				
Water distribution system	14,684,250	644,756	-	15,329,006
Sewer distribution system	15,200,362	263,422	-	15,463,784
Vehicles	35,411	-	-	35,411
Total capital assets being depreciated	29,920,023	908,178	-	30,828,201
Less accumulated depreciation for				
Water distribution system	3,752,893	382,541	-	4,135,434
Sewer distribution system	4,005,018	386,229	-	4,391,247
Vehicles	7,082	7,082	-	14,164
Total accumulated depreciation	7,764,993	775,852	-	8,540,845
Total capital assets being depreciated, net	22,155,030	132,326	-	22,287,356
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET				
	\$22,351,655	\$ 132,326	\$ 176,625	\$22,307,356

VILLAGE OF PALOS PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. CAPITAL ASSETS (Continued)

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

GOVERNMENTAL ACTIVITIES

General government	\$ 84,875
Public safety	12,000
Public works	35,893
Culture and recreation	<u>6,633</u>

TOTAL DEPRECIATION EXPENSE -
GOVERNMENTAL ACTIVITIES

\$ 139,401

7. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health and natural disasters. Employee health insurance is covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in the fiscal year or prior two fiscal years.

In addition, the Village participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an insurance pool whose members are Illinois municipalities and other governmental agencies. IRMA manages and funds first party property losses, third party liability claims, workers' compensation claims and public officials' liability claims of its member municipalities. The Village's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds.

Each member assumes the first \$2,500 of each occurrence, and IRMA has self-insurance retentions at various amounts above that level. There have been no significant changes from the prior year and settlements have not exceeded coverage in any of the prior three years.

Management consists of a Board of Directors comprised of one appointed representative from each member. In addition, there are two officers, a Risk Manager and a Treasurer. The Village does not exercise any control over the activities of IRMA beyond its representation on the Board of Directors.

7. RISK MANAGEMENT (Continued)

Initial contributions are determined in advance of each membership year based on the individual member's eligible revenue as defined in the by-laws of IRMA and assessment factors based on past member experience and the funding need for the membership year. The Board of Directors may require that supplemental contributions be made by members to ensure adequate funds are available to meet the obligations applicable to the membership year. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. The Village is not aware of any additional amounts owed to IRMA at April 30, 2007, for the current or prior claim years.

8. LONG-TERM DEBT

A. Installment Contracts Payable

The Village has outstanding installment contracts payable at April 30, 2007:

\$1,845,000 Series 2000 Certificates, dated August 1, 2000, were issued for construction of the new Administration Center, payable in annual installments of \$20,000 to \$230,000 each December 1 through December 1, 2014 with interest of 4.80% to 5.60%.

\$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 23, 2006, were issued for the purchase of the 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%.

\$76,742 installment purchase contract, dated July 6, 2005, was issued for the purchase of a dump truck, payable in annual installments of \$26,682 each July 5 through July 5, 2007 including interest of 4.85%.

\$67,948 installment purchase contract, dated April 11, 2005 (delivery of vehicles on September 29, 2005), was issued for the purchase of two pick-up trucks, payable in annual installments of \$24,034 each September 29 through September 29, 2007 including interest of 6.0%. Debt is retired by both the General Fund (48%) and the Water Fund (52%).

VILLAGE OF PALOS PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. LONG-TERM DEBT (Continued)

A. Installment Contracts Payable (Continued)

\$83,599 installment purchase contract, dated February 14, 2007, was issued for the purchase of a dump truck, payable in annual installments of \$29,477 each February 14 through February 14, 2009 including interest of 5.81%.

Changes in installment contracts for the year ended April 30, 2007 are as follows:

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Current Portion
Series 2000 Certificates	General	\$ 1,640,000	\$ -	\$ 140,000	\$ 1,500,000	\$ 150,000
Series 2002 Certificates	General	233,000	-	17,000	216,000	18,000
Series 2006 Certificates	General	-	570,000	-	570,000	15,000
2005 Installment Purchase Contract	General	49,865	-	24,648	25,217	25,217
2005 Installment Purchase Contract	General	21,151	-	10,267	10,884	10,884
2007 Installment Purchase Contract	General	-	83,599	29,277	54,322	27,061
TOTAL INSTALLMENT CONTRACTS PAYABLE		\$ 1,944,016	\$ 653,599	\$ 221,192	\$ 2,376,423	\$ 246,162

B. Notes Payable

The Village has outstanding notes payable at April 30, 2007:

\$875,000 note payable, dated September 1, 1990, was issued in connection with an annexation agreement with a developer for the creation of the business district development fund. The nonrecourse note is for \$875,000, payable in quarterly installments of \$9,375 beginning January 15, 1991 through October 15, 2000 with quarterly payments increasing to \$12,500 beginning January 15, 2001 through October 15, 2010. There is no interest on this note.

VILLAGE OF PALOS PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. LONG-TERM DEBT (Continued)

B. Notes Payable (Continued)

Changes in notes payable for the year ended April 30, 2007 are as follows:

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Current Portion
Mill Creek Note Payable	Business District Development	\$ 225,000	\$ -	\$ 50,000	\$ 175,000	\$ 50,000
TOTAL NOTES PAYABLE		\$ 225,000	\$ -	\$ 50,000	\$ 175,000	\$ 50,000

C. Debt Service Requirements to Maturity

Fiscal Year Ending April 30,	Installment Contracts		Notes Payable	
	Principal	Interest	Principal	Interest
2008	\$ 246,162	\$ 119,660	\$ 50,000	\$ -
2009	225,261	106,960	50,000	-
2010	209,000	95,031	50,000	-
2011	220,000	84,535	25,000	-
2012	236,000	73,351	-	-
2013	252,000	61,206	-	-
2014	263,000	48,053	-	-
2015	279,000	34,166	-	-
2016	55,000	19,139	-	-
2017	56,000	16,710	-	-
2018	30,000	14,188	-	-
2019	30,000	12,964	-	-
2020	35,000	11,728	-	-
2021	35,000	10,272	-	-
2022	35,000	8,802	-	-
2023	40,000	7,323	-	-
2024	40,000	5,617	-	-
2025	45,000	3,901	-	-
2026	45,000	1,957	-	-
TOTALS	\$ 2,376,423	\$ 735,563	\$ 175,000	\$ -

VILLAGE OF PALOS PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. LONG-TERM DEBT (Continued)

D. 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	\$ 1,944,016	\$ 653,599	\$ 221,192	\$ 2,376,423	\$ 246,162
Notes payable	225,000	-	50,000	175,000	50,000
Net pension obligation	27,098	545	-	27,643	-
Compensated absences payable*	106,447	25,286	15,967	115,766	17,365
TOTAL GOVERNMENTAL LONG-TERM LIABILITIES	\$ 2,302,561	\$ 679,430	\$ 287,159	\$ 2,694,832	\$ 313,527

* The General Fund has typically been used to liquidate the compensated absences liability.

E. 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 \$117,744 at April 30, 2007. Special Assessment 96-1B has a remaining public benefit portion of \$316,298 at April 30, 2007. Debt service to maturity on these two obligations is as follows:

Fiscal Year Ending April 30,	Public Benefit Special Assessments	
	Principal	Interest
2008	\$ 37,710	\$ 20,520
2009	37,710	18,906
2010	37,710	17,168
2011	37,710	15,316
2012	37,710	13,464
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	37,710	2,794
2019	19,232	931
TOTALS	\$ 434,042	\$ 130,074

VILLAGE OF PALOS PARK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

8. LONG-TERM DEBT (Continued)

E. Proprietary Debt (Continued)

The Village issued \$450,000 Series 2004 General Obligation Alternate Revenue Bonds, dated November 4, 2004, were 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 semiannually 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.

The Village issued \$450,000 Series 2005 General Obligation Alternate Revenue Bonds, dated November 14, 2005, were 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 semiannually 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.

Debt service to maturity on these bonds is as follows:

Fiscal Year Ending April 30,	Installment Contracts		Alternate Revenue Bonds	
	Principal	Interest	Principal	Interest
2008	\$ 11,790	\$ 707	\$ 55,000	\$ 29,660
2009	-	-	55,000	28,137
2010	-	-	55,000	26,522
2011	-	-	55,000	24,790
2012	-	-	60,000	22,965
2013	-	-	60,000	20,910
2014	-	-	65,000	18,780
2015	-	-	65,000	16,403
2016	-	-	70,000	13,978
2017	-	-	70,000	11,317
2018	-	-	70,000	8,605
2019	-	-	70,000	5,857
2020	-	-	75,000	3,507
TOTALS	\$ 11,790	\$ 707	\$ 825,000	\$ 230,981

VILLAGE OF PALOS PARK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

8. LONG-TERM DEBT (Continued)

E. Proprietary Debt (Continued)

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 assessments payable	\$ 471,752	\$ -	\$ 37,710	\$ 434,042	\$ 37,710
Alternate revenue bonds payable	875,000	-	50,000	825,000	55,000
Installment contracts payable	22,913	-	11,123	11,790	11,790
Compensated absences payable	13,994	146	2,099	12,041	1,806
TOTAL BUSINESS-TYPE LONG-TERM LIABILITIES	\$ 1,383,659	\$ 146	\$ 100,932	\$ 1,282,873	\$ 106,306

F. Special Assessment Bonds

Special assessment bonds outstanding as of April 30, 2007 totaled \$4,901,971. 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.

9. INTERFUND ACCOUNTS

Due from/to other funds at April 30, 2007 consist of the following:

Receivable Fund	Payable Fund	Amount
Major Governmental General	Nonmajor Business-Type Commuter Parking Lot	\$ 44,772
Nonmajor Governmental Motor Fuel Tax	Nonmajor Business-Type Commuter Parking Lot	949
TOTAL		\$ 45,721

The purposes of significant due to/due from other funds are as follows:

The Commuter Parking Lot Fund has amounts due to the General Fund in the amount of \$44,772 representing labor and material costs funded by the General Fund that will be reimbursed from Commuter Parking Lot Funds within one year.

VILLAGE OF PALOS PARK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

9. INTERFUND ACCOUNTS (Continued)

Interfund transfers during the year ended April 30, 2007 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 60,200
Nonmajor Governmental		
Special Revenue - Business District Fund	<u>60,200</u>	<u>-</u>
TOTAL	<u><u>\$ 60,200</u></u>	<u><u>\$ 60,200</u></u>

The purpose of the interfund transfer is as follows:

\$60,200 transferred to the Special Revenue - Business District Fund from the General Fund. This relates to a routine transfer from the General Fund to the Business District Fund for the payment of debt service. The transfer will not be repaid.

10. CONTINGENT LIABILITIES

Litigation

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

Development Agreement

The Village entered into a development agreement during the year ended April 30, 2006. Under the agreement, the Village must remit 85% of cell tower rentals received by the Village to the developer up to \$223,000. As of April 30, 2007, the Village has remitted a total of \$33,724 to the developer.

11. DEFINED BENEFIT PENSION PLANS

The Village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system and the Police Pension Plan which is a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for the two plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. Neither of the pension plans issue separate reports on the pension plans. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

11. DEFINED BENEFIT PENSION PLANS

A. Plan Descriptions

Illinois Municipal Retirement Fund

All employees (other than those covered by the Police Pension plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members 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 the IMRF as specified by statute. The employer contribution for the year ended December 31, 2006 was 8.18% of covered payroll.

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. At April 30, 2006, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	1
Terminated employees entitled to benefits but not yet receiving them	-
Current employees	
Vested	2
Nonvested	8
	<hr/>
TOTAL	<hr/> 11 <hr/>

11. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75.00% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Employees are required by ILCS 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. Contributions are recognized when due pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The costs of administering the Plan are financed through investment earnings. The Village is required to contribute the remaining amounts necessary to finance the Plan as actuarially determined by an enrolled actuary. The Village has until the year 2042 to fully fund the past service cost for the Police Pension Plan. For the year ended April 30, 2007, the Village's contribution was 25.32% of covered payroll.

B. Significant Investments

There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.00% or more of Plan net assets for the Police Pension Plan. Information for the IMRF is not available.

VILLAGE OF PALOS PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension
Actuarial valuation date	December 31, 2004	April 30, 2006
Actuarial cost method	Entry-age Normal	Entry-age Normal
Asset valuation method	5 Year Smoothed Market	Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	27 Years, Closed	35 Years, Closed
Significant actuarial assumptions		
a) Rate of return on present and future assets	7.50% Compounded Annually	7.25% Compounded Annually
b) Projected salary increase - attributable to inflation	4.00% Compounded Annually	5.00% Compounded Annually
c) Additional projected salary increases - seniority/merit	.40 to 11.60%	Not Available

VILLAGE OF PALOS PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs (Continued)

Employer annual pension cost (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO (asset) is the cumulative difference between the APC and the contributions actually made.

	Calendar Year	Illinois Municipal Retirement	Fiscal Year	Police Pension
Annual pension cost (APC)	2004	\$ 67,943	2005	\$ 117,488
	2005	83,316	2006	119,727
	2006	93,291	2007	136,857
Actual contribution	2004	67,943	2005	116,566
	2005	83,316	2006	118,867
	2006	93,291	2007	136,312
Percentage of APC contributed	2004	100.00%	2005	99.22%
	2005	100.00%	2006	99.28%
	2006	100.00%	2007	99.60%
NPO (Asset)	2004	-	2005	26,238
	2005	-	2006	27,098
	2006	-	2007	27,643

The net pension obligation has been calculated as follows:

	Police Pension
Annual required contribution	\$ 136,312
Interest on net pension obligation	1,953
Adjustment to annual required contribution	(1,408)
Annual pension cost	136,857
Contributions made	136,312
Increase in net pension obligation	545
Net pension obligation beginning of year	27,098
NET PENSION OBLIGATION END OF YEAR	\$ 27,643

12. 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 Government Accounting Standards Boards (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:

1. Fund Accounting

The Village 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 or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of the Library's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general capital assets (capital projects 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 Village reports the following major governmental funds:

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

12. COMPONENT UNIT - PALOS PARK PUBLIC LIBRARY (Continued)

A. Summary of Significant Accounting Policies (Continued)

2. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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 non-operating.

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 period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures, if any, are recorded only when payment is due.

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 expenditure and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

12. COMPONENT UNIT - PALOS PARK PUBLIC LIBRARY (Continued)

A. Summary of Significant Accounting Policies (Continued)

2. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

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.

3. 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 the 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.

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.

12. COMPONENT UNIT - PALOS PARK PUBLIC LIBRARY (Continued)

B. Deposits and Investments (Continued)

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. The U.S. Agency and Treasury Obligations 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 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 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. At April 30, 2007, the Library had greater than five percent of its overall portfolio invested in Illinois Funds.

C. Receivables

Property taxes for the 2006 levy year attach as an enforceable lien on January 1, 2006, 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, 2007 and September 1, 2007, and are payable in two installments, on or about March 1, 2007 and October 1, 2007.

VILLAGE OF PALOS PARK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

12. COMPONENT UNIT - PALOS PARK PUBLIC LIBRARY (Continued)

C. Receivables (Continued)

The County collects such taxes and remits them periodically. The second half collections of the 2005 levy and the first half collections of 2006 are intended to finance the 2007 fiscal year. The remaining collections of the 2006 levy are not considered available for current operations and are, therefore, shown as deferred revenue. The 2007 tax levy has not been recorded as a receivable at April 30, 2007, as the tax attached as a lien on property as of January 1, 2007, however, the tax will not be levied until December 2007 and, accordingly, is not measurable at April 30, 2007.

D. Capital Assets

Capital asset activity for the Library for the year ended April 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
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	410,588	-	-	410,588
Total capital assets being depreciated	433,968	-	-	433,968
Less accumulated depreciation for				
Land improvements	10,131	779	-	10,910
Buildings and improvements	174,379	10,265	-	184,644
Total accumulated depreciation	184,510	11,044	-	195,554
Total capital assets being depreciated, net	249,458	(11,044)	-	238,414
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 260,158	\$ (11,044)	\$ -	\$ 249,114

Depreciation expense of \$11,044 was charged to culture and recreation.

VILLAGE OF PALOS PARK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

12. COMPONENT UNIT - PALOS PARK PUBLIC LIBRARY (Continued)

E. Long-Term Debt

Changes in Long-Term Liabilities

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

	Balances May 1	Additions	Retirements	Balances April 30	Current Portion
Compensated absences payable	\$ 2,516	\$ 4,551	\$ 2,516	\$ 4,551	\$ 4,551
TOTAL GENERAL LONG-TERM DEBT	\$ 2,516	\$ 4,551	\$ 2,516	\$ 4,551	\$ 4,551

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF PALOS PARK, ILLINOIS

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

For the Year Ended April 30, 2007
(With Comparative Actual)

	2007		Variance Over (Under)	2006 Actual
	Final Budget	Actual		
REVENUES				
Taxes				
Property tax	\$ 958,360	\$ 956,234	\$ (2,126)	\$ 899,096
State sales tax	750,000	707,661	(42,339)	699,318
State income tax	371,369	395,205	23,836	358,296
Utility tax	778,223	558,092	(220,131)	654,620
Other taxes	153,875	147,006	(6,869)	146,136
Licenses, permits and inspections	449,050	505,647	56,597	415,187
Intergovernmental	149,236	73,921	(75,315)	40,677
Charges for services	49,701	52,548	2,847	62,794
Fees by agreement	574,022	596,859	22,837	541,766
Fines and forfeits	64,000	93,637	29,637	57,350
Investment income	26,242	57,582	31,340	25,952
Miscellaneous	42,700	52,410	9,710	39,085
Total revenues	4,366,778	4,196,802	(169,976)	3,940,280
EXPENDITURES				
Current				
General government	948,443	757,685	(190,758)	751,931
Public safety	1,605,116	1,594,351	(10,765)	1,602,784
Public works	322,173	350,659	28,486	366,462
Building and public grounds	457,344	526,515	69,171	432,878
Culture and recreation	296,901	266,367	(30,534)	296,214
Solid waste	235,116	235,692	576	224,678
Capital outlay	131,475	733,931	602,456	147,561
Debt service				
Principal retirement	233,950	221,192	(12,758)	152,000
Interest charges and fees	147,889	115,774	(32,115)	107,006
Total expenditures	4,378,407	4,802,166	423,759	4,081,514
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(11,629)	(605,364)	(593,735)	(141,234)

(This schedule is continued on the following page.)

VILLAGE OF PALOS PARK, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2007
(With Comparative Actual)

	2007		Variance Over (Under)	2006 Actual
	Final Budget	Actual		
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 110,433	\$ -	\$ (110,433)	\$ 39,973
Transfers (out)	(60,000)	(60,200)	(200)	(50,000)
Issuance of installment contracts	-	653,599	653,599	109,429
Proceeds from sale of assets	11,500	16,576	5,076	17,281
Total other financing sources (uses)	61,933	609,975	548,042	116,683
NET CHANGE IN FUND BALANCE	\$ 50,304	4,611	\$ (45,693)	(24,551)
FUND BALANCE, MAY 1		1,365,609		1,386,660
Prior period adjustment		-		3,500
FUND BALANCE, MAY 1, RESTATED		1,365,609		1,390,160
FUND BALANCE, APRIL 30		\$ 1,370,220		\$ 1,365,609

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2007

A. Budgets

Budgets are adopted on the cash basis, which is not materially different than 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:

1. All departments of the Village submit requests for appropriations to the Village Administrator 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.
2. The Village Council adopts a budget, which is the operational plan, and includes a budget for all funds, except as noted in Note 1D, utilized by the Village. The budget is presented in these financial statements.
3. The Appropriations Ordinance, based on the budget, is published for public hearing to obtain taxpayer comment. The appropriations ordinance serves as an appropriation authorization.
4. The Appropriations Ordinance is legally enacted through the passage of an ordinance.
5. The Village Administrator 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.

B. Expenditures in Excess of Budget

The following funds had operating expenses/expenditures excluding depreciation in excess of budget as of April 30, 2007.

Fund	Expenditures	Budget
General	\$ 4,802,166	\$ 4,245,687
Business District Development	68,760	60,000
Exaction Fee	86,633	59,000
Land Acquisition and Recreation	2,744	-
½% Sales Tax	110,842	78,500
Police Pension	107,750	65,500

VILLAGE OF PALOS PARK, ILLINOIS
 SCHEDULE OF FUNDING PROGRESS
 ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2007

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) AAL (UAAL) (OAAL) (2) - (1)	(5) Covered Payroll	UAAL (OAAL) As a Percentage of Covered Payroll (4) / (5)
2001	\$ 2,569,065	\$ 2,707,316	94.89%	\$ 138,251	\$ 1,293,833	10.69%
2002	2,312,139	2,411,034	95.90%	98,895	904,015	10.94%
2003	2,220,678	2,112,825	105.10%	(107,853)	882,192	(12.23%)
2004	2,053,164	1,958,947	104.81%	(94,217)	966,472	(9.75%)
2005	2,065,773	2,094,035	98.65%	28,262	1,042,756	2.71%
2006	2,130,411	2,179,634	97.74%	49,223	1,140,481	4.32%

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

April 30, 2007

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL As a Percentage of Covered Payroll (4) / (5)
2003	\$ 163,510	\$ 1,504,948	10.86%	\$ 1,341,438	\$ 424,164	316.25%
2004	307,717	1,355,388	22.70%	1,047,671	357,302	293.22%
2005	425,596	1,590,647	26.76%	1,165,051	430,772	270.46%
2006	562,566	1,913,031	29.41%	1,350,465	509,036	265.30%
2007	694,196	1,949,220	35.61%	1,255,024	538,269	233.16%

Note: The Village of Palos Park Police Pension Plan was established effective November 1, 2002. Information will be accumulated until six years is presented.

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2007

<u>Calendar Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2001	\$ 130,418	\$ 130,418	100.00%
2002	121,122	121,122	100.00%
2003	80,985	80,985	100.00%
2004	67,943	67,943	100.00%
2005	83,316	83,316	100.00%
2006	93,291	93,291	100.00%

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 POLICE PENSION FUND

April 30, 2007

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed	Net Pension Obligation (Asset)
2003	\$ 45,968	\$ 68,953	66.67%	\$ 22,985
2004	138,753	140,440	98.80%	25,316
2005	116,566	116,566	100.00%	26,238
2006	118,867	118,867	100.00%	27,098
2007	136,312	136,312	100.00%	27,643

Note: The Village of Palos Park Police Pension Plan was established effective November 1, 2002. Information will be accumulated until six years is presented.

(See independent auditor's report.)

MAJOR GOVERNMENTAL FUNDS

VILLAGE OF PALOS PARK, ILLINOIS

BALANCE SHEET
GENERAL FUND

April 30, 2007
(With Comparative Actual)

	2007	2006
ASSETS		
Cash and cash equivalents	\$ 1,082,914	\$ 1,036,143
Investments	368,157	354,138
Receivables		
Property taxes	572,948	549,791
State sales tax	164,188	156,389
Other intergovernmental	118,027	125,336
Accounts, net of allowance for uncollectible receivables	88,374	83,200
Due from other funds	44,772	33,329
Prepaid items	40,754	39,324
TOTAL ASSETS	\$ 2,480,134	\$ 2,377,650
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 458,615	\$ 374,252
Deposits payable	6,925	5,016
Wages payable	71,568	63,696
Due to other governments	6,608	6,608
Deferred revenue	566,198	562,469
Total liabilities	1,109,914	1,012,041
FUND BALANCE		
Reserved for prepaid items	40,754	39,324
Unreserved		
Undesignated	1,329,466	1,326,285
Total fund balance	1,370,220	1,365,609
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,480,134	\$ 2,377,650

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2007
(with comparative actual)

	2007		Variance Over (Under)	2006 Actual
	Final Budget	Actual		
EXPENDITURES				
Current				
General government				
Administration				
Wages	\$ 245,724	\$ 233,142	\$ (12,582)	\$ 268,786
Benefits	83,952	95,459	11,507	96,299
Insurance	14,500	10,897	(3,603)	11,851
Legal fees	38,800	96,854	58,054	62,973
Consultants, engineers and planners	120,000	13,990	(106,010)	72,965
Other contractual services	44,800	45,452	652	36,605
Commodities	76,440	40,905	(35,535)	51,214
Total administration	624,216	536,699	(87,517)	600,693
Public affairs				
Insurance	1,200	724	(476)	965
Legal fees	1,550	290	(1,260)	1,461
Consultants, engineers and planners	6,600	6,600	-	8,888
Other contractual services	53,400	29,837	(23,563)	21,956
Commodities	6,800	8,394	1,594	5,097
Total public affairs	69,550	45,845	(23,705)	38,367
Finance				
Wages	141,242	138,090	(3,152)	95,960
Benefits	52,189	47,573	(4,616)	32,510
Insurance	5,250	3,040	(2,210)	4,272
Legal fees	6,300	28,553	22,253	12,701
Other contractual services	35,996	27,853	(8,143)	39,623
Commodities	4,200	3,385	(815)	4,139
Total finance	245,177	248,494	3,317	189,205
Other				
Legal fees	500	-	(500)	-
Other contractual services	9,000	6,647	(2,353)	3,666
Total other	9,500	6,647	(2,853)	3,666
Total general government	948,443	837,685	(110,758)	831,931
Less administrative charges	-	(80,000)	(80,000)	(80,000)
Net general government	948,443	757,685	(190,758)	751,931

(This schedule is continued on the following pages.)

VILLAGE OF PALOS PARK, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2007
(with comparative actual)

	2007		Variance Over (Under)	2006 Actual
	Final Budget	Actual		
EXPENDITURES (Continued)				
Current (Continued)				
Public safety				
Wages	\$ 865,825	\$ 902,440	\$ 36,615	\$ 915,136
Benefits	417,716	400,743	(16,973)	388,764
Insurance	45,000	29,414	(15,586)	35,437
Legal fees	10,600	14,576	3,976	16,619
Other contractual services	156,530	147,633	(8,897)	143,284
Commodities	109,445	99,545	(9,900)	103,544
Total public safety	1,605,116	1,594,351	(10,765)	1,602,784
Public works				
Wages	108,710	148,658	39,948	126,509
Benefits	52,013	57,145	5,132	58,677
Insurance	10,500	14,754	4,254	7,712
Legal fees	3,350	2,150	(1,200)	4,723
Consultants, engineers and planners	5,000	7,714	2,714	3,761
Other contractual services	110,500	83,731	(26,769)	127,145
Commodities	32,100	36,507	4,407	37,935
Total public works	322,173	350,659	28,486	366,462
Building and public grounds				
Building				
Wages	148,013	151,478	3,465	121,241
Benefits	74,626	75,853	1,227	47,480
Insurance	8,250	4,705	(3,545)	6,637
Legal fees	25,100	45,946	20,846	35,504
Consultants, engineers and planners	75,000	90,923	15,923	92,999
Other contractual services	20,500	17,262	(3,238)	22,486
Commodities	8,980	8,322	(658)	9,014
Total building	360,469	394,489	34,020	335,361
Public grounds				
Insurance	5,000	2,678	(2,322)	3,789
Legal fees	500	-	(500)	-
Consultants, engineers and planners	20,000	3,526	(16,474)	1,240
Other contractual services	58,925	82,101	23,176	80,676
Commodities	12,450	43,721	31,271	11,812
Total public grounds	96,875	132,026	35,151	97,517
Total building and public grounds	457,344	526,515	69,171	432,878

(This schedule is continued on the following page.)

VILLAGE OF PALOS PARK, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2007
(with comparative actual)

	2007		Variance Over (Under)	2006 Actual
	Final Budget	Actual		
EXPENDITURES (Continued)				
Current (Continued)				
Culture and recreation				
Recreation				
Wages	\$ 106,232	\$ 106,977	\$ 745	\$ 104,259
Benefits	30,744	29,486	(1,258)	28,908
Insurance	11,500	6,732	(4,768)	11,633
Legal fees	200	180	(20)	421
Consultants, engineers and planners	1,100	376	(724)	617
Other contractual services	91,125	74,833	(16,292)	99,048
Commodities	46,150	38,848	(7,302)	43,164
Total recreation	287,051	257,432	(29,619)	288,050
Festivals				
Entertainment	1,650	1,200	(450)	1,400
Advertising	1,500	1,851	351	336
Banners and signs	1,000	145	(855)	1,392
Supplies and prizes	1,000	1,930	930	1,913
Equipment	1,500	1,473	(27)	1,368
Other contractual services	3,200	2,336	(864)	1,755
Total festivals	9,850	8,935	(915)	8,164
Total culture and recreation	296,901	266,367	(30,534)	296,214
Solid waste				
Other contractual services	235,116	235,692	576	224,678
Total solid waste	235,116	235,692	576	224,678
Capital outlay				
Administration	17,000	-	(17,000)	34,496
Police	30,525	16,575	(13,950)	-
Public works	-	83,599	83,599	109,429
Other	83,950	633,757	549,807	3,636
Total capital outlay	131,475	733,931	602,456	147,561
Debt service				
Principal retirement				
Administration	233,950	221,192	(12,758)	152,000
Interest charges and fees				
Administration	147,889	115,774	(32,115)	107,006
Total debt service	381,839	336,966	(44,873)	259,006
TOTAL EXPENDITURES	\$ 4,378,407	\$ 4,802,166	\$ 423,759	\$ 4,081,514

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL 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 Business District Development Fund is used to account for payment of Promissory Note #2, an annexation agreement with the Shoppes at Mill Creek developers that refunds a portion of the sales taxes generated. The debt obligation is \$50,000 annually, with Note #2 expiring in 2011. Part of the sales taxes rebated through this agreement reimburses the owners for certain costs associated with the maintenance and improvement of the property.

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 spent expressly on 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 Portico Court Fund is used to account for residential donations to the brick courtyard at the Village's Recreation Center. The donor's name and year of residence is inscribed on one of the bricks in the courtyard. Revenues are spent on exterior building and landscaping improvements of Village municipal properties.

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2007

	Special Revenue	Capital Projects	Total
ASSETS			
Cash and investments	\$ 286,424	\$ 346,504	\$ 632,928
Receivables			
Sales tax	-	40,602	40,602
Motor fuel tax allotments	11,142	-	11,142
Due from other funds	949	-	949
TOTAL ASSETS	\$ 298,515	\$ 387,106	\$ 685,621
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 7,259	\$ -	\$ 7,259
Deferred revenue	13,143	-	13,143
Total liabilities	20,402	-	20,402
FUND BALANCES			
Reserved for public safety	11,676	-	11,676
Reserved for public works	103,344	-	103,344
Reserved for culture and recreation	35,925	-	35,925
Unreserved			
Special Revenue	127,168	-	127,168
Capital Projects	-	387,106	387,106
Total fund balances	278,113	387,106	665,219
TOTAL LIABILITIES AND FUND BALANCES	\$ 298,515	\$ 387,106	\$ 685,621

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

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

For the Year Ended April 30, 2007

	Special Revenue	Capital Projects	Total
REVENUES			
Taxes	\$ -	\$ 182,926	\$ 182,926
Intergovernmental	136,432	-	136,432
Charges for services	89,093	-	89,093
Fines and forfeits	17,533	-	17,533
Investment income	16,209	17,102	33,311
Miscellaneous	6,640	-	6,640
Total revenues	265,907	200,028	465,935
EXPENDITURES			
Current			
General government	18,760	-	18,760
Public safety	11,297	-	11,297
Public works	53,233	-	53,233
Building	-	110,842	110,842
Culture and recreation	24,407	-	24,407
Debt service			
Principal	50,000	-	50,000
Capital outlay	177,855	-	177,855
Total expenditures	335,552	110,842	446,394
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(69,645)	89,186	19,541
OTHER FINANCING SOURCES (USES)			
Transfers in	60,200	-	60,200
NET CHANGE IN FUND BALANCES	(9,445)	89,186	79,741
FUND BALANCES, MAY 1	287,558	297,920	585,478
FUND BALANCES, APRIL 30	\$ 278,113	\$ 387,106	\$ 665,219

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS

April 30, 2007

	Motor Fuel Tax	Police Forfeiture	Business District Development
ASSETS			
Cash and investments	\$ 91,253	\$ 24,819	\$ 107
Motor fuel tax allotments receivable	11,142	-	-
Due from other funds	949	-	-
TOTAL ASSETS	\$ 103,344	\$ 24,819	\$ 107
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 5,795
Deferred revenue	-	13,143	-
Total liabilities	-	13,143	5,795
FUND BALANCES			
Reserved for public safety	-	11,676	-
Reserved for public works	103,344	-	-
Reserved for culture and recreation	-	-	-
Unreserved (deficit)			
Undesignated	-	-	(5,688)
Total fund balances	103,344	11,676	(5,688)
TOTAL LIABILITIES AND FUND BALANCES	\$ 103,344	\$ 24,819	\$ 107

Exaction Fee	Fine Arts	Portico Court	Land Acquisition and Recreation	Total
\$ 91,847	\$ 34,122	\$ 1,803	\$ 42,473	\$ 286,424
-	-	-	-	11,142
-	-	-	-	949
\$ 91,847	\$ 34,122	\$ 1,803	\$ 42,473	\$ 298,515
\$ 1,464	\$ -	\$ -	\$ -	\$ 7,259
-	-	-	-	13,143
1,464	-	-	-	20,402
-	-	-	-	11,676
-	-	-	-	103,344
-	34,122	1,803	-	35,925
90,383	-	-	42,473	127,168
90,383	34,122	1,803	42,473	278,113
\$ 91,847	\$ 34,122	\$ 1,803	\$ 42,473	\$ 298,515

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

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

For the Year Ended April 30, 2007

	Motor Fuel Tax	Police Forfeiture	Business District Development
REVENUES			
Intergovernmental			
Motor fuel tax allotments	\$ 136,432	\$ -	\$ -
Charges for services			
Exaction fees	-	-	-
Membership fees	-	-	-
Event fees	-	-	-
Fines and forfeits	-	17,533	-
Investment income	5,004	242	841
Miscellaneous income			
Donations	-	-	-
Other income	-	-	-
Total revenues	<u>141,436</u>	<u>17,775</u>	<u>841</u>
EXPENDITURES			
Current			
General government	-	-	18,760
Public safety	-	11,297	-
Public works	53,233	-	-
Culture and recreation	-	-	-
Debt service			
Principal	-	-	50,000
Capital outlay	82,000	6,478	-
Total expenditures	<u>135,233</u>	<u>17,775</u>	<u>68,760</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,203	-	(67,919)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	60,200
NET CHANGE IN FUND BALANCES	6,203	-	(7,719)
FUND BALANCES, MAY 1	<u>97,141</u>	<u>11,676</u>	<u>2,031</u>
FUND BALANCES (DEFICIT), APRIL 30	<u>\$ 103,344</u>	<u>\$ 11,676</u>	<u>\$ (5,688)</u>

Exaction Fee	Fine Arts	Portico Court	Land Acquisition and Recreation	Total
\$ -	\$ -	\$ -	\$ -	\$ 136,432
69,248	-	-	-	69,248
-	16,745	-	-	16,745
-	3,100	-	-	3,100
-	-	-	-	17,533
7,359	263	16	2,484	16,209
-	3,111	-	-	3,111
-	3,529	-	-	3,529
76,607	26,748	16	2,484	265,907
-	-	-	-	18,760
-	-	-	-	11,297
-	-	-	-	53,233
-	24,407	-	-	24,407
-	-	-	-	50,000
86,633	-	-	2,744	177,855
86,633	24,407	-	2,744	335,552
(10,026)	2,341	16	(260)	(69,645)
-	-	-	-	60,200
(10,026)	2,341	16	(260)	(9,445)
100,409	31,781	1,787	42,733	287,558
\$ 90,383	\$ 34,122	\$ 1,803	\$ 42,473	\$ 278,113

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

BALANCE SHEET
MOTOR FUEL TAX FUND

April 30, 2007
(With Comparative Actual)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and investments	\$ 91,253	\$ 86,716
Motor fuel tax allotments receivable	11,142	10,745
Due from other funds	949	-
	<hr/>	
TOTAL ASSETS	\$ 103,344	\$ 97,461
	<hr/>	
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ -	\$ 320
FUND BALANCE		
Unreserved	103,344	97,141
	<hr/>	
TOTAL LIABILITIES AND FUND BALANCE	\$ 103,344	\$ 97,461
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(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

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

For the Year Ended April 30, 2007
(With Comparative Actual)

	2007		Variance Over (Under)	2006 Actual
	Final Budget	Actual		
REVENUES				
Motor fuel taxes	\$ 133,637	\$ 136,432	\$ 2,795	\$ 135,189
Investment income	4,000	5,004	1,004	4,334
Total revenues	<u>137,637</u>	<u>141,436</u>	<u>3,799</u>	<u>139,523</u>
EXPENDITURES				
Current				
Public works				
Professional services	25,000	20,095	(4,905)	12,284
Supplies	30,000	33,138	3,138	31,005
Capital outlay	82,000	82,000	-	67,516
Total expenditures	<u>137,000</u>	<u>135,233</u>	<u>(1,767)</u>	<u>110,805</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	637	6,203	5,566	28,718
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	(39,973)
NET CHANGE IN FUND BALANCE	<u>\$ 637</u>	<u>6,203</u>	<u>\$ 5,566</u>	<u>(11,255)</u>
FUND BALANCE, MAY 1		<u>97,141</u>		<u>108,396</u>
FUND BALANCE, APRIL 30		<u>\$ 103,344</u>		<u>\$ 97,141</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

BALANCE SHEET
POLICE FORFEITURE FUND

April 30, 2007
(With Comparative Actual)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and investments	\$ 24,819	\$ 58,642
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ -	\$ 5,429
Due to other funds	-	33,329
Deferred revenue	13,143	8,208
Total liabilities	13,143	46,966
FUND BALANCE		
Unreserved	11,676	11,676
TOTAL LIABILITIES AND FUND BALANCE	\$ 24,819	\$ 58,642

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

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

For the Year Ended April 30, 2007
(With Comparative Actual)

	2007		Variance Over (Under)	2006 Actual
	Final Budget	Actual		
REVENUES				
Fines and forfeits	\$ 160,000	\$ 17,533	\$ (142,467)	\$ 123,831
Investment income	-	242	242	349
Miscellaneous	-	-	-	50
Total revenues	<u>160,000</u>	<u>17,775</u>	<u>(142,225)</u>	<u>124,230</u>
EXPENDITURES				
Current				
Police				
Supplies	15,700	3,109	(12,591)	9,545
Contractual services	12,000	8,188	(3,812)	18,459
Capital outlay	63,300	6,478	(56,822)	96,226
Total expenditures	<u>91,000</u>	<u>17,775</u>	<u>(73,225)</u>	<u>124,230</u>
NET CHANGE IN FUND BALANCE	<u>\$ 69,000</u>	-	<u>\$ (69,000)</u>	-
FUND BALANCE, MAY 1		<u>11,676</u>		<u>11,676</u>
FUND BALANCE, APRIL 30		<u>\$ 11,676</u>		<u>\$ 11,676</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS
 BALANCE SHEET
 BUSINESS DISTRICT DEVELOPMENT FUND

April 30, 2007
 (With Comparative Actual)

	2007	2006
ASSETS		
Cash and investments	\$ 107	\$ 2,031
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 5,795	\$ -
FUND BALANCE		
Unreserved (deficit)	(5,688)	2,031
TOTAL LIABILITIES AND FUND BALANCE	\$ 107	\$ 2,031

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUSINESS DISTRICT DEVELOPMENT FUND

For the Year Ended April 30, 2007
(With Comparative Actual)

	2007		Variance Over (Under)	2006 Actual
	Final Budget	Actual		
REVENUES				
Investment income	\$ 2,000	\$ 841	\$ (1,159)	\$ 1,710
EXPENDITURES				
Contractual				
Legal	-	-	-	182
Miscellaneous contractual services	10,000	18,760	8,760	-
Debt service				
Principal	50,000	50,000	-	100,000
Total expenditures	60,000	68,760	8,760	100,182
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(58,000)	(67,919)	(9,919)	(98,472)
OTHER FINANCING SOURCES (USES)				
Transfers in	60,000	60,200	200	50,000
NET CHANGE IN FUND BALANCE	<u>\$ 2,000</u>	<u>(7,719)</u>	<u>\$ (9,719)</u>	<u>(48,472)</u>
FUND BALANCE, MAY 1		<u>2,031</u>		<u>50,503</u>
FUND BALANCE (DEFICIT), APRIL 30		<u>\$ (5,688)</u>		<u>\$ 2,031</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

BALANCE SHEET
EXACTION FEE FUND

April 30, 2007
(With Comparative Actual)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and investments	\$ 91,847	\$ 101,740
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 1,464	\$ 1,331
FUND BALANCE		
Unreserved	<u>90,383</u>	<u>100,409</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 91,847</u>	<u>\$ 101,740</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
EXACTION FEE FUND

For the Year Ended April 30, 2007
(With Comparative Actual)

	2007		Variance Over (Under)	2006 Actual
	Final Budget	Actual		
REVENUES				
Charges for services				
Exaction fees	\$ 56,265	\$ 69,248	\$ 12,983	\$ 60,704
Investment income	-	7,359	7,359	4,078
Total revenues	<u>56,265</u>	<u>76,607</u>	<u>20,342</u>	<u>64,782</u>
EXPENDITURES				
Capital outlay	<u>62,000</u>	<u>86,633</u>	<u>24,633</u>	<u>29,098</u>
Total expenditures	<u>62,000</u>	<u>86,633</u>	<u>24,633</u>	<u>29,098</u>
NET CHANGE IN FUND BALANCE	<u>\$ (5,735)</u>	<u>(10,026)</u>	<u>\$ (4,291)</u>	35,684
FUND BALANCE, MAY 1		<u>100,409</u>		<u>64,725</u>
FUND BALANCE, APRIL 30		<u>\$ 90,383</u>		<u>\$ 100,409</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

BALANCE SHEET
FINE ARTS FUND

April 30, 2007
(With Comparative Actual)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and investments	\$ 34,122	\$ 31,781
LIABILITIES AND FUND BALANCE		
LIABILITIES		
None	\$ -	\$ -
FUND BALANCE		
Unreserved	<u>34,122</u>	<u>31,781</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 34,122</u>	<u>\$ 31,781</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FINE ARTS FUND

For the Year Ended April 30, 2007
(With Comparative Actual)

	2007			2006 Actual
	Final Budget	Actual	Variance Over (Under)	
REVENUES				
Intergovernmental				
Grant income	\$ 5,000	\$ -	\$ (5,000)	\$ 2,390
Charges for services				
Membership fees	15,000	16,745	1,745	25,485
Event fees	-	3,100	3,100	-
Investment income	-	263	263	247
Miscellaneous				
Donations	5,000	3,111	(1,889)	4,000
Raffle ticket sales	-	3,435	3,435	4,374
Other	-	94	94	1,289
Total revenues	25,000	26,748	1,748	37,785
EXPENDITURES				
Current				
Culture and recreation				
Contractual services	25,000	24,407	593	29,485
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>2,341</u>	<u>\$ 2,341</u>	<u>8,300</u>
FUND BALANCE, MAY 1		<u>31,781</u>		<u>23,481</u>
FUND BALANCE, APRIL 30		<u>\$ 34,122</u>		<u>\$ 31,781</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

BALANCE SHEET
PORTICO COURT FUND

April 30, 2007
(With Comparative Actual)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and investments	\$ 1,803	\$ 1,787
LIABILITIES AND FUND BALANCE		
LIABILITIES		
None	\$ -	\$ -
FUND BALANCE		
Unreserved	<u>1,803</u>	<u>1,787</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,803</u>	<u>\$ 1,787</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PORTICO COURT FUND

For the Year Ended April 30, 2007
(With Comparative Actual)

	2007		Variance Over (Under)	2006 Actual
	Final Budget	Actual		
REVENUES				
Investment income	\$ -	\$ 16	\$ 16	\$ 15
Miscellaneous	3,000	-	(3,000)	-
Total revenues	3,000	16	(2,984)	15
EXPENDITURES				
Capital outlay	3,000	-	(3,000)	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	16	<u>\$ 16</u>	15
FUND BALANCE, MAY 1		<u>1,787</u>		<u>1,772</u>
FUND BALANCE, APRIL 30		<u>\$ 1,803</u>		<u>\$ 1,787</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

BALANCE SHEET
LAND ACQUISITION AND RECREATION FUND

April 30, 2007
(With Comparative Actual)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and investments	\$ 42,473	\$ 42,733
LIABILITIES AND FUND BALANCE		
LIABILITIES		
None	\$ -	\$ -
FUND BALANCE		
Unreserved	<u>42,473</u>	<u>42,733</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 42,473</u>	<u>\$ 42,733</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LAND ACQUISITION AND RECREATION FUND

For the Year Ended April 30, 2007
(With Comparative Actual)

	2007			2006 Actual
	Final Budget	Actual	Variance Over (Under)	
REVENUES				
Investment income	\$ 5,000	\$ 2,484	\$ (2,516)	\$ 2,018
Miscellaneous income				
Other	-	-	-	20,000
Total revenues	5,000	2,484	(2,516)	22,018
EXPENDITURES				
Capital outlay	-	2,744	2,744	8,663
Total expenditures	-	2,744	2,744	8,663
NET CHANGE IN FUND BALANCE	\$ 5,000	(260)	\$ (5,260)	13,355
FUND BALANCE, MAY 1		42,733		29,378
FUND BALANCE, APRIL 30		\$ 42,473		\$ 42,733

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS

April 30, 2007

	Capital Improvements	1/2% Sales Tax	Total
ASSETS			
Cash and investments	\$ 198,900	\$ 147,604	\$ 346,504
Receivables			
Sales tax	-	40,602	40,602
TOTAL ASSETS	\$ 198,900	\$ 188,206	\$ 387,106
LIABILITIES AND FUND BALANCES			
LIABILITIES			
None	\$ -	\$ -	\$ -
FUND BALANCES			
Unreserved			
Undesignated	198,900	188,206	387,106
TOTAL LIABILITIES AND FUND BALANCES	\$ 198,900	\$ 188,206	\$ 387,106

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

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

For the Year Ended April 30, 2007

	Capital Improvements	1/2% Sales Tax	Total
REVENUES			
Taxes	\$ -	\$ 182,926	\$ 182,926
Investment income	11,202	5,900	17,102
Total revenues	11,202	188,826	200,028
EXPENDITURES			
Current			
Building	-	110,842	110,842
NET CHANGE IN FUND BALANCES	11,202	77,984	89,186
FUND BALANCES, MAY 1	187,698	110,222	297,920
FUND BALANCES, APRIL 30	\$ 198,900	\$ 188,206	\$ 387,106

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

BALANCE SHEET
CAPITAL IMPROVEMENTS FUND

April 30, 2007
(With Comparative Actual)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and investments	\$ 198,900	\$ 187,698
TOTAL ASSETS	<u>\$ 198,900</u>	<u>\$ 187,698</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
None	\$ -	\$ -
FUND BALANCE		
Unreserved	<u>198,900</u>	<u>187,698</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 198,900</u>	<u>\$ 187,698</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS FUND

For the Year Ended April 30, 2007
(With Comparative Actual)

	2007		Variance Over (Under)	2006 Actual
	Final Budget	Actual		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ 222,543
Investment income	-	11,202	11,202	9,158
Total revenues	-	11,202	11,202	231,701
EXPENDITURES				
Current				
Building				
Contractual services	-	-	-	245,992
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	11,202	<u>\$ 11,202</u>	(14,291)
FUND BALANCE, MAY 1		<u>187,698</u>		<u>201,989</u>
FUND BALANCE, APRIL 30		<u>\$ 198,900</u>		<u>\$ 187,698</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

BALANCE SHEET
1/2% SALES TAX FUND

April 30, 2007

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and investments	\$ 147,604	\$ 69,931
Receivables		
Sales tax	<u>40,602</u>	<u>40,291</u>
 TOTAL ASSETS	 <u>\$ 188,206</u>	 <u>\$ 110,222</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
None	\$ -	\$ -
FUND BALANCES		
Unreserved		
Undesignated	<u>188,206</u>	<u>110,222</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 188,206</u>	 <u>\$ 110,222</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
1/2% SALES TAX FUND

For the Year Ended April 30, 2007

	2007			2006 Actual
	Final Budget	Actual	Variance Over (Under)	
REVENUES				
Taxes				
Sales tax	\$ 170,000	\$ 182,926	\$ 12,926	\$ 149,867
Investment income	2,000	5,900	3,900	857
Total revenues	<u>172,000</u>	<u>188,826</u>	<u>16,826</u>	<u>150,724</u>
EXPENDITURES				
Current				
Building				
Contractual services	68,500	110,842	42,342	40,502
Capital outlay	10,000	-	(10,000)	-
Total expenditures	<u>78,500</u>	<u>110,842</u>	<u>32,342</u>	<u>40,502</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	93,500	77,984	(15,516)	110,222
OTHER FINANCING SOURCES (USES)				
Transfers out	(53,449)	-	53,449	-
NET CHANGE IN FUND BALANCE	<u>\$ 40,051</u>	77,984	<u>\$ 37,933</u>	110,222
FUND BALANCE, MAY 1		<u>110,222</u>		<u>-</u>
FUND BALANCE, APRIL 30		<u>\$ 188,206</u>		<u>\$ 110,222</u>

(See independent auditor's report.)

PROPRIETARY FUNDS

MAJOR ENTERPRISE FUNDS

VILLAGE OF PALOS PARK, ILLINOIS

STATEMENT OF NET ASSETS
WATER FUND

April 30, 2007
(With Comparative Actual)

	2007	2006
CURRENT ASSETS		
Cash	\$ 871,594	\$ 712,161
Investments	157,781	151,773
Accounts receivable, net of allowance for uncollectible accounts	99,465	104,567
Due from other funds	-	-
Prepaid expenses	4,623	5,187
Total current assets	1,133,463	973,688
CAPITAL ASSETS		
Capital assets, not being depreciated	20,000	103,980
Capital assets, being depreciated, cost	15,364,417	14,719,660
Less accumulated depreciation	(4,149,598)	(3,759,975)
Net capital assets	11,234,819	11,063,665
Total assets	12,368,282	12,037,353
CURRENT LIABILITIES		
Accounts payable	26,303	24,880
Wages payable	3,887	6,633
Accrued interest	5,732	6,057
Compensated absences payable	1,435	1,547
General obligation bonds payable	24,400	22,000
Installment contracts payable	11,790	11,123
Special assessment bond payable	37,710	37,710
Total current liabilities	111,257	109,950
LONG-TERM LIABILITIES		
Compensated absences payable	8,131	8,764
General obligation bonds payable	341,056	365,456
Installment contracts payable	-	11,790
Special assessment bond payable	396,332	434,042
Total long-term liabilities	745,519	820,052
Total liabilities	856,776	930,002
NET ASSETS		
Invested in capital assets, net of related debt	10,423,531	10,181,544
Unrestricted	1,087,975	925,807
TOTAL NET ASSETS	\$ 11,511,506	\$ 11,107,351

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL
WATER FUND

For the Year Ended April 30, 2007
(With Comparative Actual)

	2007		Variance Over (Under)	2006 Actual
	Budget	Actual		
OPERATING REVENUES				
Charges for services	\$ 854,250	\$ 794,325	\$ (59,925)	\$ 854,283
Sale of water meters	10,000	13,909	3,909	15,968
Other income	3,500	7,531	4,031	5,098
Total operating revenues	867,750	815,765	(51,985)	875,349
OPERATING EXPENSES				
Personnel	203,030	195,904	(7,126)	233,458
Commodities	25,500	16,724	(8,776)	18,847
Water purchases	300,000	264,818	(35,182)	307,123
Services	255,267	197,330	(57,937)	205,033
Capital outlay	1,085,000	697,226	(387,774)	82,358
Total operating expenses	1,868,797	1,372,002	(496,795)	846,819
OPERATING INCOME (LOSS)	(1,001,047)	(556,237)	444,810	28,530
NONOPERATING REVENUES (EXPENSES)				
Investment income	20,000	54,430	34,430	26,949
Rental income	32,333	33,440	1,107	27,840
Tap-on fees	343,000	204,110	(138,890)	115,193
Contribution revenue	-	450,000	450,000	-
Bond proceeds	820,000	-	(820,000)	217,456
Reimbursements	-	-	-	33,973
Debt principal payment	(71,333)	(70,833)	500	(47,710)
Interest expense	(38,901)	(36,722)	2,179	(36,723)
Total nonoperating revenues (expenses)	1,105,099	634,425	(470,674)	336,978
NET INCOME (LOSS) BUDGETARY BASIS	\$ 104,052	78,188	\$ (25,864)	365,508

(This schedule is continued on the following page.)

VILLAGE OF PALOS PARK, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL (Continued)
WATER FUND

For the Year Ended April 30, 2007
(With Comparative Actual)

	2007		Variance Over (Under)	2006 Actual
	Budget	Actual		
ADJUSTMENTS TO GAAP BASIS				
Bond proceeds		\$ -		\$ (217,456)
Debt principal payment		70,833		47,710
Capitalized assets		644,757		61,002
Depreciation		<u>(389,623)</u>		<u>(363,315)</u>
Total adjustments to GAAP basis		<u>325,967</u>		<u>(472,059)</u>
NET INCOME (LOSS) - GAAP BASIS		404,155		(106,551)
NET ASSETS, MAY 1		<u>11,107,351</u>		<u>11,213,902</u>
NET ASSETS, APRIL 30		<u>\$ 11,511,506</u>		<u>\$ 11,107,351</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

STATEMENT OF NET ASSETS
SEWER MAINTENANCE FUND

April 30, 2007
(With Comparative Actual)

	2007	2006
CURRENT ASSETS		
Cash	\$ 710,853	\$ 587,816
Accounts receivable, net of allowance for uncollectible accounts	20,871	22,961
Prepaid expenses	4,121	4,623
Total current assets	<u>735,845</u>	<u>615,400</u>
CAPITAL ASSETS		
Capital assets, not being depreciated	-	92,645
Capital assets, being depreciated, cost	15,463,784	15,200,362
Less accumulated depreciation	<u>(4,391,247)</u>	<u>(4,005,017)</u>
Net capital assets	<u>11,072,537</u>	<u>11,287,990</u>
Total assets	<u>11,808,382</u>	<u>11,903,390</u>
CURRENT LIABILITIES		
Accounts payable	2,689	4,568
Accrued interest	6,942	7,561
Wages payable	1,499	2,366
Compensated absences payable	371	552
General obligation bonds payable	<u>30,600</u>	<u>28,000</u>
Total current liabilities	<u>42,101</u>	<u>43,047</u>
LONG-TERM LIABILITIES		
Compensated absences payable	2,104	3,131
General obligation bonds payable	<u>428,944</u>	<u>459,544</u>
Total long-term liabilities	<u>431,048</u>	<u>462,675</u>
Total liabilities	<u>473,149</u>	<u>505,722</u>
NET ASSETS		
Invested in capital assets, net of related debt	10,612,993	10,800,446
Unrestricted	<u>722,240</u>	<u>597,222</u>
TOTAL NET ASSETS	<u>\$ 11,335,233</u>	<u>\$ 11,397,668</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL
SEWER MAINTENANCE FUND

For the Year Ended April 30, 2007
(With Comparative Actual)

	2007		Variance Over (Under)	2006 Actual
	Budget	Actual		
OPERATING REVENUES				
Charges for services	\$ 163,100	\$ 153,689	\$ (9,411)	\$ 155,650
Other income	3,400	9,934	6,534	3,409
Total operating revenues	166,500	163,623	(2,877)	159,059
OPERATING EXPENSES				
Personnel	150,977	92,624	(58,353)	91,432
Commodities	9,610	8,124	(1,486)	6,351
Services	95,500	64,950	(30,550)	116,058
Capital outlay	151,000	268,244	117,244	133,851
Total operating expenses	407,087	433,942	26,855	347,692
OPERATING INCOME (LOSS)	(240,587)	(270,319)	(29,732)	(188,633)
NONOPERATING REVENUES (EXPENSES)				
Investment income	20,000	37,225	17,225	22,666
Tap-on fees	451,800	245,421	(206,379)	128,819
Contribution revenue	-	60,000	60,000	-
Bond proceeds	-	-	-	232,544
Principal	(27,500)	(28,000)	(500)	-
Interest expense	(17,175)	(16,476)	699	(18,610)
Other nonoperating expense	-	4,521	4,521	-
Total nonoperating revenues (expenses)	427,125	302,691	(124,434)	365,419
NET INCOME (LOSS) - BUDGETARY BASIS	\$ 186,538	32,372	\$ (154,166)	176,786

(This schedule is continued on the following page.)

VILLAGE OF PALOS PARK, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS - BUDGET AND ACTUAL (Continued)
 SEWER MAINTENANCE FUND

For the Year Ended April 30, 2007
 (With Comparative Actual)

	2007		Variance Over (Under)	2006 Actual
	Budget	Actual		
ADJUSTMENTS TO GAAP BASIS				
Bond proceeds		\$ -		\$ (232,544)
Debt principal payment		28,000		-
Capitalized assets		263,422		122,029
Depreciation		<u>(386,229)</u>		<u>(380,754)</u>
Total adjustments to GAAP basis		<u>(94,807)</u>		<u>(491,269)</u>
NET INCOME (LOSS) - GAAP BASIS		(62,435)		(314,483)
NET ASSETS, MAY 1		<u>11,397,668</u>		<u>11,712,151</u>
NET ASSETS, APRIL 30		<u>\$ 11,335,233</u>		<u>\$ 11,397,668</u>

(See independent auditor's report.)

NONMAJOR ENTERPRISE FUNDS

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

STATEMENT OF NET ASSETS
COMMUTER PARKING LOT FUND

April 30, 2007
(With Comparative Actual)

	2007	2006
CURRENT ASSETS		
Cash	\$ 42,910	\$ 22,798
Prepaid expenses	754	846
Total assets	<u>43,664</u>	<u>23,644</u>
LIABILITIES		
Accounts payable	1,024	-
Due to other funds	<u>45,721</u>	<u>-</u>
Total liabilities	<u>46,745</u>	<u>-</u>
NET ASSETS		
Unrestricted (deficit)	<u>\$ (3,081)</u>	<u>\$ 23,644</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL
COMMUTER PARKING LOT FUND

For the Year Ended April 30, 2007
(With Comparative Actual)

	2007		Variance Over (Under)	2006 Actual
	Budget	Actual		
OPERATING REVENUES				
Charges for services	\$ 105,875	\$ 70,801	\$ (35,074)	\$ 27,265
OPERATING EXPENSES				
Commodities	6,500	3,869	(2,631)	-
Services	168,450	95,703	(72,747)	27,900
Total operating expenses	174,950	99,572	(75,378)	27,900
OPERATING INCOME (LOSS)	(69,075)	(28,771)	40,304	(635)
NONOPERATING REVENUES (EXPENSES)				
Grant revenue	68,760	-	(68,760)	-
Investment income	500	2,046	1,546	1,231
Total nonoperating revenues (expenses)	69,260	2,046	(67,214)	1,231
CHANGE IN NET ASSETS	\$ 185	(26,725)	\$ (26,910)	596
NET ASSETS, MAY 1		23,644		23,048
NET ASSETS (DEFICIT), APRIL 30		\$ (3,081)		\$ 23,644

(See independent auditor's report.)

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:

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

SCHEDULE OF CHANGES IN PLAN NET ASSETS - BUDGET AND ACTUAL
POLICE PENSION FUND

For the Year Ended April 30, 2007
(With Comparative Actual)

	2007		Variance Over (Under)	2006 Actual
	Budget	Actual		
ADDITIONS				
Contributions				
Employer	\$ 130,000	\$ 136,312	\$ 6,312	\$ 118,867
Employee	50,000	56,470	6,470	57,023
Total contributions	180,000	192,782	12,782	175,890
Investment income	20,000	46,598	26,598	13,844
Less investment expense	(2,500)	(2,964)	(464)	-
Net investment income	17,500	43,634	26,134	13,844
Total additions	197,500	236,416	38,916	189,734
DEDUCTIONS				
Benefits and refunds	56,500	103,876	(47,376)	49,638
Administration	6,500	910	5,590	3,126
Total deductions	63,000	104,786	(41,786)	52,764
NET INCREASE	<u>\$ 134,500</u>	131,630	<u>\$ (2,870)</u>	136,970
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
May 1		<u>562,566</u>		<u>425,596</u>
April 30		<u>\$ 694,196</u>		<u>\$ 562,566</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 AGENCY FUNDS

For the Year Ended April 30, 2007

	Balances May 1	Additions	Deletions	Balances April 30
SPECIAL ASSESSMENT FUND #9				
ASSETS				
Cash and cash equivalents	\$ 112,604	\$ 5,336	\$ 2,979	\$ 114,961
LIABILITIES				
Accounts payable	\$ 1,612	\$ -	\$ 1,612	\$ -
Due to bondholders	110,992	5,336	1,367	114,961
	<u>\$ 112,604</u>	<u>\$ 5,336</u>	<u>\$ 2,979</u>	<u>\$ 114,961</u>
SPECIAL ASSESSMENT FUND #10				
ASSETS				
Cash and cash equivalents	\$ 16,179	\$ 176	\$ 16,355	\$ -
LIABILITIES				
Due to bondholders	\$ 16,179	\$ 176	\$ 16,355	\$ -
	<u>\$ 16,179</u>	<u>\$ 176</u>	<u>\$ 16,355</u>	<u>\$ -</u>
SPECIAL ASSESSMENT FUND #11				
ASSETS				
Cash and cash equivalents	\$ 83,165	\$ 4,036	\$ -	\$ 87,201
LIABILITIES				
Due to bondholders	\$ 83,165	\$ 4,036	\$ -	\$ 87,201
	<u>\$ 83,165</u>	<u>\$ 4,036</u>	<u>\$ -</u>	<u>\$ 87,201</u>
SPECIAL ASSESSMENT FUND #12				
ASSETS				
Cash and cash equivalents	\$ 167,272	\$ 8,072	\$ 1,430	\$ 173,914
LIABILITIES				
Due to bondholders	\$ 167,272	\$ 8,072	\$ 1,430	\$ 173,914
	<u>\$ 167,272</u>	<u>\$ 8,072</u>	<u>\$ 1,430</u>	<u>\$ 173,914</u>

(This schedule is continued on the following pages.)

VILLAGE OF PALOS PARK, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES (Continued)
 AGENCY FUNDS

For the Year Ended April 30, 2007

	Balances May 1	Additions	Deletions	Balances April 30
SPECIAL ASSESSMENT FUND #93-1				
ASSETS				
Cash and cash equivalents	\$ 495,054	\$ 24,014	\$ -	\$ 519,068
LIABILITIES				
Due to bondholders	\$ 495,054	\$ 24,014	\$ -	\$ 519,068
SPECIAL ASSESSMENT FUND #96-1A				
ASSETS				
Cash and cash equivalents	\$ 29,504	\$ 110,660	\$ 93,631	\$ 46,533
LIABILITIES				
Due to bondholders	\$ 29,504	\$ 110,660	\$ 93,631	\$ 46,533
SPECIAL ASSESSMENT FUND #96-1B				
ASSETS				
Cash and cash equivalents	\$ 41,875	\$ 247,645	\$ 264,432	\$ 25,088
LIABILITIES				
Due to bondholders	\$ 41,875	\$ 247,645	\$ 264,432	\$ 25,088
SPECIAL ASSESSMENT FUND #13B				
ASSETS				
Cash and cash equivalents	\$ 774,717	\$ 320,217	\$ 250,049	\$ 844,885
LIABILITIES				
Due to bondholders	\$ 774,717	\$ 320,217	\$ 250,049	\$ 844,885

(This schedule is continued on the following page.)

VILLAGE OF PALOS PARK, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES (Continued)
 AGENCY FUNDS

For the Year Ended April 30, 2007

	Balances May 1	Additions	Deletions	Balances April 30
SPECIAL ASSESSMENT FUND #13A				
ASSETS				
Cash and cash equivalents	\$ 321,089	\$ 80,911	\$ 29,681	\$ 372,319
LIABILITIES				
Due to bondholders	\$ 321,089	\$ 80,911	\$ 29,681	\$ 372,319
 TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 2,041,459	\$ 801,067	\$ 658,557	\$ 2,183,969
TOTAL ASSETS	\$ 2,041,459	\$ 801,067	\$ 658,557	\$ 2,183,969
LIABILITIES				
Accounts payable	\$ 1,612	\$ -	\$ 1,612	\$ -
Due to bondholders	2,039,847	801,067	656,945	2,183,969
TOTAL LIABILITIES	\$ 2,041,459	\$ 801,067	\$ 658,557	\$ 2,183,969

(See independent auditor's report.)

**COMPONENT UNIT
PALOS PARK PUBLIC LIBRARY**

PALOS PARK PUBLIC LIBRARY
COMPONENT UNIT

STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUNDS BALANCE SHEET

April 30, 2007

	General Fund	Adjustments	Statement of Net Assets
ASSETS			
Cash and cash equivalents	\$ 698,163	\$ -	\$ 698,163
Receivables			
Property taxes, net of allowance for losses and costs	181,586	-	181,586
Capital assets, not being depreciated	-	10,700	10,700
Capital assets, being depreciated, net of accumulated depreciation	-	238,414	238,414
TOTAL ASSETS	\$ 879,749	\$ 249,114	\$ 1,128,863
LIABILITIES AND FUND BALANCES/NET ASSETS			
LIABILITIES			
Wages payable	\$ 7,291	\$ -	\$ 7,291
Compensated absences	-	4,551	4,551
Deferred revenue	181,586	-	181,586
Total liabilities	188,877	4,551	193,428
FUND BALANCES/NET ASSETS			
Investment in capital assets	-	249,114	249,114
Reserved for culture and recreation	690,872	(4,551)	686,321
Total fund balances/net assets	690,872	244,563	935,435
TOTAL LIABILITIES AND FUND BALANCES/NET ASSETS	\$ 879,749	\$ 249,114	\$ 1,128,863

(See independent auditor's report.)

PALOS PARK PUBLIC LIBRARY
COMPONENT UNIT

STATEMENT OF ACTIVITIES
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE/NET ASSETS
GENERAL FUND

For the Year Ended April 30, 2007

	General Fund	Adjustments	Statement of Activities
REVENUES			
Property taxes	\$ 297,152	\$ -	\$ 297,152
Personal property replacement taxes	5,430	-	5,430
Grants	5,737	-	5,737
Fees for service	11,107	-	11,107
Fines	3,735	-	3,735
Investment income	32,582	-	32,582
Other income	10,113	-	10,113
Total revenues	365,856	-	365,856
EXPENDITURES			
Current			
Culture and recreation			
Wages	154,471	2,035	156,506
Fringe benefits	32,689	-	32,689
Insurance	8,739	-	8,739
Contractual services	49,516	-	49,516
Commodities	56,871	-	56,871
Capital outlay	441	-	441
Depreciation	-	11,044	11,044
Total expenditures	302,727	13,079	315,806
NET CHANGE IN FUND BALANCE/ NET ASSETS	63,129	(13,079)	50,050
FUND BALANCE/NET ASSETS, MAY 1	627,743	257,642	885,385
FUND BALANCE/NET ASSETS, APRIL 30	\$ 690,872	\$ 244,563	\$ 935,435

(See independent auditor's report.)

PALOS PARK PUBLIC LIBRARY
COMPONENT UNIT

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

For the Year Ended April 30, 2007
(With Comparative Actual)

	2007		Variance Over (Under)	2006 Actual
	Budget	Actual		
REVENUES				
Property taxes	\$ 296,100	\$ 297,152	\$ 1,052	\$ 287,523
Personal property replacement taxes	2,000	5,430	3,430	4,997
Grants	5,500	5,737	237	11,631
Fees for service	10,000	11,107	1,107	9,784
Fines	5,500	3,735	(1,765)	5,763
Investment income	21,500	32,582	11,082	22,112
Other income	3,500	10,113	6,613	4,045
Total revenues	<u>344,100</u>	<u>365,856</u>	<u>21,756</u>	<u>345,855</u>
EXPENDITURES				
Current				
Culture and recreation				
Wages	169,000	154,471	(14,529)	142,771
Fringe benefits	36,600	32,689	(3,911)	24,084
Insurance	10,000	8,739	(1,261)	8,996
Contractual services	58,000	49,516	(8,484)	45,982
Commodities	69,500	56,871	(12,629)	53,797
Capital outlay	-	441	441	-
Total expenditures	<u>343,100</u>	<u>302,727</u>	<u>(40,373)</u>	<u>275,630</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,000</u>	63,129	<u>\$ 62,129</u>	70,225
FUND BALANCE, MAY 1		<u>627,743</u>		<u>557,518</u>
FUND BALANCE, APRIL 30		<u>\$ 690,872</u>		<u>\$ 627,743</u>

(See independent auditor's report.)

SUPPLEMENTAL DATA

VILLAGE OF PALOS PARK, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
SERIES 2000 CERTIFICATES

April 30, 2007

Date of issue	August 1, 2000
Original principal	\$ 1,845,000
Date of maturity	December 1, 2014
Interest rate	4.80% to 5.60%
Principal payments	December 1
Interest payments	June 1 and December 1
Financial institution	Palos Bank and Trust Palos Heights, IL

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Year Ending <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 150,000	\$ 80,492	\$ 230,492
2009	160,000	72,842	232,842
2010	170,000	64,602	234,602
2011	180,000	55,678	235,678
2012	190,000	46,138	236,138
2013	205,000	35,878	240,878
2014	215,000	24,706	239,706
2015	230,000	12,880	242,880
	<u>\$ 1,500,000</u>	<u>\$ 393,216</u>	<u>\$ 1,893,216</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
SERIES 2002 CERTIFICATES

April 30, 2007

Date of issue	August 1, 2000
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	Palos Bank and Trust Palos Heights, IL

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Year Ending April 30,	Principal	Interest	Total
2008	\$ 18,000	\$ 9,969	\$ 27,969
2009	18,000	9,258	27,258
2010	19,000	8,511	27,511
2011	20,000	7,675	27,675
2012	21,000	6,775	27,775
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>\$ 216,000</u>	<u>\$ 60,404</u>	<u>\$ 276,404</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
 SERIES 2004 GENERAL OBLIGATION ALTERNATE REVENUE BONDS

April 30, 2007

Date of issue	November 1, 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	Palos Bank and Trust Palos Heights, IL

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Year Ending April 30,	Principal	Interest	Total
2008	\$ 25,000	\$ 13,895	\$ 38,895
2009	25,000	13,332	38,332
2010	25,000	12,707	37,707
2011	25,000	11,995	36,995
2012	30,000	11,220	41,220
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>\$ 400,000</u>	<u>\$ 112,681</u>	<u>\$ 512,681</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
 SERIES 2005 GENERAL OBLIGATION ALTERNATE REVENUE BONDS

April 30, 2007

Date of issue	November 14, 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	Palos Bank and Trust Palos Heights, IL

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Year Ending April 30,	Principal	Interest	Total
2008	\$ 30,000	\$ 15,765	\$ 45,765
2009	30,000	14,805	44,805
2010	30,000	13,815	43,815
2011	30,000	12,795	42,795
2012	30,000	11,745	41,745
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>\$ 425,000</u>	<u>\$ 118,300</u>	<u>\$ 543,300</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
SERIES 2006 GENERAL CERTIFICATES

April 30, 2007

Date of issue	October 23, 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	Palos Bank and Trust Palos Heights, IL

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Year Ending April 30,	Principal	Interest	Total
2008	\$ 15,000	\$ 24,665	\$ 39,665
2009	20,000	22,644	42,644
2010	20,000	21,918	41,918
2011	20,000	21,182	41,182
2012	25,000	20,438	45,438
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>\$ 570,000</u>	<u>\$ 275,193</u>	<u>\$ 845,193</u>

(See independent auditor's report.)

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>Page</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.	106-111
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the sales tax and property tax.	112-115
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.	116-120
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 city provides and the activities it performs.	123-125

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

VILLAGE OF PALOS PARK, ILLINOIS

NET ASSETS BY COMPONENT

Last Three Fiscal Years

Fiscal Year	2005	2006	2007
GOVERNMENTAL ACTIVITIES			
Invested in capital assets			
net of related debt	\$ 1,640,412	\$ 2,108,522	\$ 2,997,346
Restricted	150,159	142,385	150,945
Unrestricted	1,574,192	1,632,543	1,523,471
TOTAL GOVERNMENTAL ACTIVITIES	\$ 3,364,763	\$ 3,883,450	\$ 4,671,762
BUSINESS-TYPE ACTIVITIES			
Invested in capital assets			
net of related debt	\$ 21,907,584	\$ 20,981,990	\$ 21,036,524
Restricted	-	-	-
Unrestricted	1,041,517	1,546,673	1,807,134
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 22,949,101	\$ 22,528,663	\$ 22,843,658
PRIMARY GOVERNMENT			
Invested in capital assets			
net of related debt	\$ 23,547,996	\$ 23,090,512	\$ 24,033,870
Restricted	150,159	142,385	150,945
Unrestricted	2,615,709	3,179,216	3,330,605
TOTAL PRIMARY GOVERNMENT	\$ 26,313,864	\$ 26,412,113	\$ 27,515,420

Data Source

Audited Financial Statements

VILLAGE OF PALOS PARK, ILLINOIS

CHANGE IN NET ASSETS

Last Three Fiscal Years

Fiscal Year	2005	2006	2007
EXPENSES			
Governmental activities			
General government	\$ 799,995	\$ 724,948	\$ 892,396
Public safety	1,495,343	1,687,093	1,643,589
Public works	334,492	379,832	550,148
Building and public grounds	622,563	749,496	642,185
Culture and recreation	261,654	333,239	314,641
Solid wastes	206,672	224,678	235,692
Interest	114,963	106,592	115,360
Total governmental activities expenses	3,835,682	4,205,878	4,394,011
Business-type Activities			
Water	1,076,629	1,185,855	1,153,590
Sewer	558,567	625,027	573,225
Commuter parking	21,770	27,900	99,572
Interest (interest not broken out separately starting in FY06)	30,090	-	-
Total business-type activities expenses	1,687,056	1,838,782	1,826,387
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 5,522,738	\$ 6,044,660	\$ 6,220,398
PROGRAM REVENUES			
Governmental activities			
Charges for services			
General government	\$ 162,258	\$ 203,115	\$ 288,273
Public safety	317,952	269,785	196,069
Public works	682	14,371	574
Building and public grounds	327,062	329,291	428,045
Culture and recreation	178,288	207,246	203,801
Solid waste	199,865	227,895	238,554
Operating grants and contributions	167,812	400,799	210,353
Capital grants and contributions	-	-	520,000
Total governmental activities program revenues	1,353,919	1,652,502	2,085,669
Business-type activities			
Charges for services			
Water	834,829	875,349	815,765
Sewer	120,412	159,059	163,623
Commuter parking	27,888	27,265	70,801
Capital grants and contributions	-	-	510,000
Total business-type activities program revenues	983,129	1,061,673	1,560,189
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 2,337,048	\$ 2,714,175	\$ 3,645,858

VILLAGE OF PALOS PARK, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Three Fiscal Years

Fiscal Year	2005	2006	2007
NET REVENUE (EXPENSE)			
Governmental activities	\$ (2,481,763)	\$ (2,553,376)	\$ (2,308,342)
Business-type activities	(703,927)	(777,109)	(266,198)
TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)	\$ (3,185,690)	\$ (3,330,485)	\$ (2,574,540)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS			
Governmental activities			
Taxes			
Property	\$ 863,244	\$ 899,096	\$ 956,234
Sales	686,106	849,185	890,588
Income	317,444	358,296	395,205
Utility	569,752	654,620	558,092
Other	182,782	187,788	147,006
Investment income	29,452	48,715	90,893
Miscellaneous	42,970	62,566	59,050
Gain on sales of capital assets	11,461	8,297	-
Contributions	7,005	-	-
Total governmental activities	2,710,216	3,068,563	3,097,068
Business-type activities			
Investment income	22,684	50,846	93,701
Miscellaneous	355,993	305,825	487,492
Total business-type activities	378,677	356,671	581,193
TOTAL PRIMARY GOVERNMENT	\$ 3,088,893	\$ 3,425,234	\$ 3,678,261
CHANGE IN NET ASSETS			
Governmental activities	\$ 228,453	\$ 515,187	\$ 788,726
Business-type activities	(325,250)	(420,438)	314,995
TOTAL PRIMARY GOVERNMENT CHANGE IN NET ASSETS	\$ (96,797)	\$ 94,749	\$ 1,103,721

Data Source

Audited Financial Statements

VILLAGE OF PALOS PARK, ILLINOIS
 FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
GENERAL FUND										
Reserved	\$ 13,081	\$ 8,733	\$ 14,055	\$ 19,875	\$ 16,644	\$ 79,703	\$ 56,087	\$ 65,256	\$ 39,324	\$ 40,754
Unreserved	424,863	614,775	818,554	829,468	1,030,031	1,253,352	1,382,425	1,321,404	1,326,285	1,329,466
TOTAL GENERAL FUND	\$ 437,944	\$ 623,508	\$ 832,609	\$ 849,343	\$ 1,046,675	\$ 1,333,055	\$ 1,438,512	\$ 1,386,660	\$ 1,365,609	\$ 1,370,220
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 163,510	\$ 307,717	\$ 145,325	\$ 142,385	\$ 150,945
Unreserved, reported in										
Special Revenue Funds	213,701	296,882	195,451	184,636	170,251	109,731	92,026	144,606	145,173	127,168
Capital Project Funds	205,487	637,385	432,438	583,268	(116,733)	(313,024)	51,442	201,989	297,920	387,106
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 419,188	\$ 934,267	\$ 627,889	\$ 767,904	\$ 53,518	\$ (39,783)	\$ 451,185	\$ 491,920	\$ 585,478	\$ 665,219

Data Source

Audited Financial Statements

VILLAGE OF PALOS PARK, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
REVENUES										
Taxes	\$ 1,916,743	\$ 2,052,800	\$ 2,188,327	\$ 2,336,648	\$ 2,343,053	\$ 2,442,313	\$ 2,344,198	\$ 2,563,659	\$ 2,907,333	\$ 2,947,124
Licenses and permits	235,556	386,482	299,592	427,161	317,436	285,021	292,189	389,771	415,187	505,647
Intergovernmental	-	-	-	-	-	-	193,442	167,812	400,799	210,353
Charges for services	131,041	131,535	138,101	154,105	153,804	171,420	104,510	159,928	148,983	141,641
Fees by agreement	254,587	270,114	246,054	217,539	232,500	208,383	404,099	442,099	541,766	596,859
Fines and forfeitures	129,366	72,594	120,089	75,340	83,962	61,577	116,997	231,214	181,181	111,170
Grants	260,959	1,045,402	869,094	591,243	333,495	313,880	-	-	-	-
Investment income	31,141	61,136	112,985	152,457	39,203	19,449	10,421	29,450	48,721	90,893
Miscellaneous	134,486	231,316	339,880	783,810	600,206	289,600	403,751	73,197	68,798	59,050
Total revenues	3,093,879	4,251,379	4,314,122	4,738,303	4,103,659	3,791,643	3,869,607	4,057,130	4,712,768	4,662,737
EXPENDITURES										
Current										
General government (administration)	301,646	376,653	478,364	617,497	515,721	479,057	490,377	723,405	752,113	776,445
Public affairs	71,722	77,705	8,142	23,681	27,687	23,980	56,664	-	-	-
Public safety (police)	1,073,494	1,117,167	1,171,133	1,376,563	1,306,520	1,310,467	1,339,684	1,463,156	1,630,788	1,605,648
Health	50,611	-	-	-	-	-	-	-	-	-
Public works	261,039	1,214,091	688,587	746,261	477,751	294,204	319,494	346,111	409,751	403,892
Building	131,941	136,665	151,196	198,122	185,931	179,003	227,452	-	-	-
Building and public grounds	-	-	-	-	-	-	-	512,704	719,372	637,357
Culture and recreation	147,301	170,877	184,491	191,518	215,334	249,015	227,598	255,021	325,699	290,774
Public grounds	50,671	28,526	33,072	36,216	69,303	73,542	86,916	-	-	-
Finance	124,200	154,633	182,402	159,076	144,037	170,481	175,206	-	-	-
Solid waste	165,451	117,295	126,356	99,042	173,932	178,676	184,618	206,672	224,678	235,692
Other	283,620	-	300	-	1,779,365	-	1,380	-	-	-
Capital outlay	51,993	3,269,257	7,916,554	2,852,899	-	664,121	251,323	109,859	349,064	911,786
Debt service										
Principal retirement	166,228	263,905	177,103	223,598	151,579	119,384	91,278	36,000	252,000	271,192
Interest and other charges	32,289	22,205	15,041	11,861	138,774	99,394	109,156	107,602	107,006	115,774
Total expenditures	2,912,206	6,948,979	11,132,741	6,536,334	5,185,934	3,841,324	3,561,146	3,760,530	4,770,471	5,248,560
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	181,673	(2,697,600)	(6,818,619)	(1,798,031)	(1,082,275)	(49,681)	308,461	296,600	(57,703)	(585,823)

Fiscal Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
OTHER FINANCING SOURCES (USES)										
Transfers in	\$ 429,726	\$ 245,812	\$ 226,144	\$ 191,531	\$ 398,476	\$ 501,520	\$ 127,000	\$ 250,000	\$ 89,973	\$ 60,200
Proceeds from sale of fixed assets	1,235	9,772	4,680	-	6,716	2,250	-	-	17,281	16,576
Proceeds from loans	-	3,313,471	6,788,429	1,886,000	418,794	-	-	-	109,429	653,599
Capital lease additions	19,619	-	-	-	43,623	-	-	-	-	-
Transfers (out)	(429,726)	(170,812)	(297,911)	(122,751)	(302,388)	(424,520)	(50,000)	(250,000)	(89,973)	(60,200)
Total other financing sources (uses)	20,854	3,398,243	6,721,342	1,954,780	565,221	79,250	77,000	-	126,710	670,175
NET CHANGE IN FUND BALANCE	\$ 202,527	\$ 700,643	\$ (97,277)	\$ 156,749	\$ (517,054)	\$ 29,569	\$ 385,461	\$ 296,600	\$ 69,007	\$ 84,352
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES										
	6.94%	7.78%	5.97%	6.39%	5.60%	6.89%	6.06%	3.93%	8.12%	8.92%

Data Source

Audited Financial Statements

In fiscal years 2000/2001 Capital Outlay increased significantly because of Village-wide projects such as the completion of central sewer and water utilities and the construction of the new Kaptur Administrative Center.

VILLAGE OF PALOS PARK, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Nine Levy Years

Levy Year	Residential Property	Farm Valuation	Commercial Property	Industrial Property	Railroad Valuation	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Taxable Value
1998	\$ 94,360,305	\$ 36,617	\$ 15,383,643	\$ 1,965,192	\$ 225,214	\$ 111,970,971	\$ 0.5934	\$ 335,912,913	33.333%
1999	103,835,359	39,148	15,434,189	2,373,199	234,426	121,916,321	0.5706	365,748,963	33.333%
2000	104,854,503	39,148	13,502,871	2,165,605	202,157	120,764,284	0.6054	362,292,852	33.333%
2001	109,906,847	39,148	14,526,210	4,194,299	205,706	128,872,210	0.6058	386,616,630	33.333%
2002	143,326,498	44,353	17,400,374	5,151,880	218,709	166,141,814	0.4861	498,425,442	33.333%
2003	143,334,047	44,353	17,880,331	5,909,787	63,808	167,232,326	0.5012	501,696,978	33.333%
2004	149,897,501	44,353	18,722,810	7,528,804	67,750	176,261,218	0.4913	528,783,654	33.333%
2005	183,079,351	33,778	21,287,113	9,448,761	75,355	213,924,358	0.4325	641,773,074	33.333%
2006	N/A	N/A	N/A	N/A	N/A	219,665,657	0.4454	658,996,971	33.333%

Data Source

Office of the County Clerk

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

Total direct tax rate is Village of Palos Park and Village Library percentage only.
(Does not include overlapping rates)

VILLAGE OF PALOS PARK, ILLINOIS
DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Nine Levy Years

Levy Year	Village Direct Rates				Total Direct Tax Rate	Overlapping Rates ⁽¹⁾						
	General	Police Protection	Police Pension	IMRF		School Districts	Library	County	Fire Protection District	Township	S. Palos Sanitary District ⁽²⁾	MWRD
1998	0.4354	0.0584	-	0.0992	0.593	6.189	0.209	1.004	0.834	0.107	0.327	0.444
1999	0.4215	0.0554	-	0.0941	0.571	5.870	0.193	0.968	0.780	0.096	0.300	0.419
2000	0.4457	0.0609	-	0.0984	0.605	6.108	0.198	0.915	0.815	0.100	0.323	0.415
2001	0.4506	0.0607	-	0.0947	0.606	6.052	0.198	0.867	0.816	0.098	0.315	0.401
2002	0.3635	0.0479	-	0.0746	0.486	5.058	0.158	0.768	0.665	0.084	0.256	0.371
2003	0.3354	0.0522	0.0831	0.0423	0.513	5.221	0.163	0.735	0.686	0.088	0.265	0.361
2004	0.3374	0.0496	0.0650	0.0390	0.491	5.140	0.160	0.666	0.667	0.085	0.268	0.347
2005	0.2984	0.0435	0.0569	0.0342	0.433	3.493	0.138	0.622	0.586	0.075	0.233	0.315
2006 ⁽³⁾	0.3059	0.0449	0.0588	0.0354	0.445	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: The Village 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 city 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.

⁽³⁾ The overlapping rates for levy year 2006 are not available at press time.

Data Source

Office of the County Clerk

VILLAGE OF PALOS PARK, ILLINOIS

PRINCIPAL PROPERTY TAX PAYERS

Current Year and Eight Years Ago*

Taxpayer	Type of Business Property	Fiscal Year 2007			Fiscal Year 1999		
		Tax Levy Year 2005** Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Tax Levy Year 1997* Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
CNC	Supermarket	\$ 8,505,662	1	3.98%	\$ 6,374,407	1	5.81%
Sunrise Senior Living	Senior Living Facility	5,798,818	2	2.71%	-	-	-
Shadow Ridge Signature	Residential Development	2,680,272	3	1.25%	-	-	-
James Marth	Shopping Center (Mill Creek Center)	2,512,339	4	1.17%	-	-	-
Walgreens	One-Story Store	1,687,193	5	0.79%	-	-	-
Commonwealth Edison Co.	Electric Utility	1,543,044	6	0.72%	856,185	5	0.78%
Gas City Ltd.	Gasoline Station	1,302,083	7	0.61%	758,158	7	0.69%
Park Management & Investment	Shopping Center (Village Courtyard)	1,059,375	8	0.50%	574,919	10	0.52%
Shell Oil Co. East Tex	Gasoline Station	1,018,511	9	0.48%	655,604	8	0.60%
Ameritech Illinois (Now AT&T)	Phone Utility	989,378	10	0.46%	763,613	6	0.70%
John T. Moya	Shopping Center	-	-	-	1,772,840	2	1.62%
Palos Country Club		-	-	-	1,015,206	3	0.93%
Alliance Shippers Inc.	Commercial Condo Units	-	-	-	856,604	4	0.78%
Alfredo Veltri	Shopping Center (Palos Park Plaza)	-	-	-	605,637	9	0.55%
		<u>\$ 27,096,675</u>		<u>12.67%</u>	<u>\$ 14,233,173</u>		<u>12.98%</u>

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

* Oldest data available.

** Most recent data available.

Data Source

Office of the County Clerk

VILLAGE OF PALOS PARK, ILLINOIS
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Levy Year	Tax Extended	Total Collections to Date	
		Amount	Percentage of Levy
1996	\$ 607,594	\$ 609,780	100.36%
1997	643,656	634,577	98.59%
1998	663,770	668,084	100.65%
1999	694,804	703,931	101.31%
2000	730,607	735,143	100.62%
2001	779,719	785,051	100.68%
2002	808,046	811,337	100.41%
2003	839,186	842,204	100.36%
2004	866,872	868,499	100.19%
2005	925,966	920,359	99.39%

Data Source

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

Property in the Village is reassessed every 3 years. Property is assessed at 33% of actual value.

VILLAGE OF PALOS PARK, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Installment Notes Payable	Capital Leases	General Obligation Bonds	Installment Notes Payable	Public Benefit Debt			
1998	\$ 2,771,354	\$ 974,607	\$ 10,051	\$ 1,112,830	\$ 985,735	N/A	\$ 5,854,577	1.08%	\$ 734
1999	5,004,879	815,087	50,040	918,797	883,569	N/A	7,672,372	93.00%	635
2000	4,626,657	662,164	71,386	741,214	733,700	N/A	6,835,121	77.00%	526
2001	7,530,015	3,337,278	54,597	544,026	538,489	N/A	12,004,405	1.22%	954
2002	7,797,404	3,545,281	31,292	359,588	350,672	N/A	12,084,237	1.17%	914
2003	7,137,342	3,348,301	-	344,962	-	N/A	10,830,605	1.00%	788
2004	-	3,150,296	-	-	-	\$ 748,872	3,899,168	1.06%	832
2005	450,000	3,007,295	-	593,035	-	685,574	4,735,904	1.17%	914
2006	875,000	2,726,227	-	1,137,651	24,995	624,012	5,387,885	1.23%	962
2007	825,000	3,286,986	-	1,055,981	12,497	564,116	5,744,580	1.34%	1,049

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.

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*	Per Capita
1998	\$ 2,771,354	0.84%	\$ 265
1999	5,004,879	1.52%	219
2000	4,626,657	1.38%	177
2001	7,530,015	2.06%	116
2002	7,797,404	2.15%	77
2003	7,137,342	1.85%	74
2004	-	0.00%	-
2005	450,000	0.09%	126
2006	875,000	0.17%	243
2007	825,000	0.13%	225

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

* See the Schedule of Assessed Value and estimated Actual Value of Taxable Property on page 112 for property value data.

VILLAGE OF PALOS PARK, ILLINOIS

DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT

April 30, 2007

	2005 Equalized		Applicable to Village	
	Assessed Valuation ⁽¹⁾	Outstanding Bonds	Percent ⁽²⁾	Amount
Village of Palos Park	\$ 213,924,358	\$ 825,000 ⁽³⁾	100.000%	\$ 825,000
<u>Overlapping Districts:</u>				
Cook County	133,371,713,730	3,022,505,000	0.161%	4,866,233
Cook County Forest Preserve	133,371,713,730	108,475,000	0.161%	174,645
Metropolitan Water Reclamation District	130,586,921,450	1,521,282,085 ⁽⁴⁾	0.164%	2,494,903
Palos Fire Protection District	566,789,470	10,000	37.127%	3,713
South Palos Twp. Sanitary District	56,706,070	160,000	7.241%	11,586
<u>School Districts</u>				
Community Consolidated School District #118	805,492,561	7,385,000	26.555%	1,961,087
High School District #230	4,742,748,032	96,805,000	4.510%	4,365,906
Community College #524	10,478,199,596	15,250,000	2.045%	311,863
TOTAL DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT				<u>\$ 15,014,936</u>

⁽¹⁾ Most recent values available as of April 30, 2007.

⁽²⁾ Determined by ratio of assessed valuation of property subject to taxation in the Village of Palos Park to valuation of property subject to taxation in overlapping unit.

⁽³⁾ Excludes principal amounts of outstanding General Obligation Alternate Revenue Source Bonds.

⁽⁴⁾ Includes IEPA Revolving Loan Fund Bonds

Data Sources

Offices of the Cook County Clerk, Comptroller of the State of Illinois, and Treasurer of the Metropolitan Water Reclamation District.

VILLAGE OF PALOS PARK, ILLINOIS
LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

Fiscal Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Legal debt limit	\$ 9,460,430	\$ 9,657,496	\$ 10,515,283	\$ 10,415,919	\$ 11,115,228	\$ 14,329,731	\$ 14,423,788	\$ 15,202,530	\$ 18,450,976	\$ 18,946,163
Total net debt applicable to limit	2,771,354	5,004,879	4,626,657	7,530,015	7,797,404	7,137,342	-	450,000	875,000	825,000
Legal debt margin	\$ 6,689,076	\$ 4,652,617	\$ 5,888,626	\$ 2,885,904	\$ 3,317,824	\$ 7,192,389	\$ 14,423,788	\$ 14,752,530	\$ 17,575,976	\$ 18,121,163
Total net debt applicable to the limit as a percentage of debt limit	29%	52%	44%	72%	70%	50%	0%	3%	5%	4%

Legal Debt Margin Calculation for Fiscal 2007

Assessed Value	\$213,924,358
Legal debt margin	<u>8.625%</u>
Debt limit	18,450,976
Debt applicable to limit	
General obligation bonds	<u>825,000</u>
Legal debt margin	<u>\$ 17,625,976</u>

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

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

VILLAGE OF PALOS PARK, ILLINOIS

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Water/Sewer Revenue Bonds						Coverage
	Water/Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
1998	N/A	N/A	N/A	N/A	N/A	N/A	
1999	\$ 874,170	\$ 867,256	\$ 6,914	\$ 188,652	\$ 103,747	0.02	
2000	1,011,787	887,501	124,286	233,652	93,845	0.38	
2001	1,013,802	970,343	43,459	313,653	78,701	0.11	
2002	1,092,077	1,131,259	(39,182)	313,653	58,600	-	
2003	1,164,628	1,233,962	(69,334)	325,000	40,301	-	
2004	1,076,176	1,280,283	(204,107)	32,500	19,962	-	
2005	1,501,420	1,190,650	310,770	37,710	25,588	4.91	
2006	1,473,251	1,247,111	226,140	62,710	39,811	2.21	
2007	1,619,004	897,765	721,239	103,833	53,221	-	

Note: 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.

VILLAGE OF PALOS PARK, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2007	4,689	\$ 367,852,050	\$ 78,450	N/A
2006	4,689	367,852,050	78,450	4.4
2005	4,689	367,852,050	78,450	6.0
2004	4,689	367,852,050	78,450	6.3
2003	4,689	367,852,050	78,450	6.9
2002	4,689	367,852,050	78,450	6.9
2001	4,689	367,852,050	78,450	5.6
2000	4,689	367,852,050	78,450	4.5
1999	4,199	285,552,995	68,005	4.5
1998	4,199	285,552,995	68,005	4.5

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

The Unemployment rate for Palos Park is unavailable. The Chicago/Joliet/Naperville statistics are used in their place and come from the IL Dept. of Employment Security.

VILLAGE OF PALOS PARK, ILLINOIS

PRINCIPAL EMPLOYERS

Current and Nine Years Ago

Employer	2007		1998	
	Rank	% of Total Village Population	Rank	% 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%
Oscor	5	1.28%	2	1.43%
Walgreens	6	1.07%	-	-
Francesca's	6	1.07%	4	1.19%
Hackney's	8	0.58%	5	0.64%
Starbucks	9	0.32%	-	-
McDivott's	9	0.32%	6	0.17%
NA	-	-	7	-
NA	-	-	8	-
NA	-	-	9	-
NA	-	-	10	-

VILLAGE OF PALOS PARK, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
GENERAL GOVERNMENT										
Administration	3.5	3.5	3.5	3.5	4.5	4.5	5.5	5.5	5.0	5.3
Building and zoning	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.6
Finance	1.5	1.5	1.5	1.8	1.5	2.1	2.1	3.1	3.1	3.0
Police										
Officers FT	-	10.0	10.0	12.0	11.0	11.0	10.0	10.0	11.0	10.0
Officers PT	-	17.0	25.0	23.0	22.0	20.0	12.0	12.0	14.0	15.0
Civilians	-	2.5	2.3	3.0	3.3	3.0	2.0	2.0	2.0	2.0
Public Works										
Water Department	-	2.3	2.3	2.3	2.3	2.3	2.8	2.3	2.3	3.9
Sewer Department	-	0.8	0.8	1.0	1.3	1.3	1.3	1.3	1.3	1.3
Street maintenance	-	3.3	3.3	3.3	2.3	2.3	2.5	2.3	2.3	3.1
Recreation	1.4	1.6	1.6	1.6	2.0	2.4	2.8	3.0	3.5	3.5

Data Source

Village Finance Department: Payroll

VILLAGE OF PALOS PARK, ILLINOIS

OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
PUBLIC SAFETY										
Police*										
Physical arrests	312	508	295	206	133	239	431	361	333	251
Parking violations	1,170	2,289	776	1,415	1,559	1,257	694	808	994	1,346
Traffic violations	1,849	2,635	1,712	2,686	2,071	2,524	2,145	1,611	1,674	1,322
PUBLIC WORKS										
Streeting resurfacing (miles)	N/A	N/A	N/A	1.09	1.92	1.19	2.00	1.00	1.60	1.01
Pothole repairs	50-75	50-75	50-75	50-75	50-75	50-75	50-75	50-75	50-75	50-75
WATER										
New connections	-	18	42	204	145	31	25	25	42	41
Water main breaks	12	8	11	10	9	11	10	14	10	11
Average daily consumption	0.347	0.387	0.401	0.471	0.478	0.465	0.483	0.538	0.472	0.518
Peak daily consumption	0.543	0.637	0.784	0.887	0.901	0.935	0.910	0.963	0.980	1.015

Data Source

Appropriate Village Departmental Directors

* Police data is available only on the calendar year; for instance FY07 covers Jan. 2006 - Dec. 2006.

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

VILLAGE OF PALOS PARK, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
PUBLIC SAFETY										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	5	5	5	5	6	7	7	7	7	8
PUBLIC WORKS										
Residential streets (miles)	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7
WATER										
Water mains (miles)	40.94	40.94	40.94	49.99	49.99	49.99	50.31	50.58	50.58	50.58
Fire hydrants	535	541	541	685	697	700	716	716	722	726
Storage capacity (gallons)	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
WASTEWATER										
Sanitary sewers (miles)	25.41	25.41	25.41	36.77	37.60	37.75	38.70	38.70	39.27	39.27
Storm sewers (miles)	5.06	5.15	5.34	6.92	6.92	7.06	7.18	7.29	7.48	7.67

Data Source

Appropriate Village Departmental Directors

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