

2010

VILLAGE OF PALOS PARK



*Service to our Residents
and dedicated to the
preservation of Palos Park*

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended

April 30, 2010

VILLAGE OF PALOS PARK, ILLINOIS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended
April 30, 2010

Prepared by the Finance Department

VILLAGE OF PALOS PARK, ILLINOIS
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INTRODUCTORY SECTION

**VILLAGE OF PALOS PARK, ILLINOIS
PRINCIPAL OFFICIALS
YEAR ENDED APRIL 30, 2010**

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

Nicole Milovich-Walters, Commissioner of Public Works and Streets

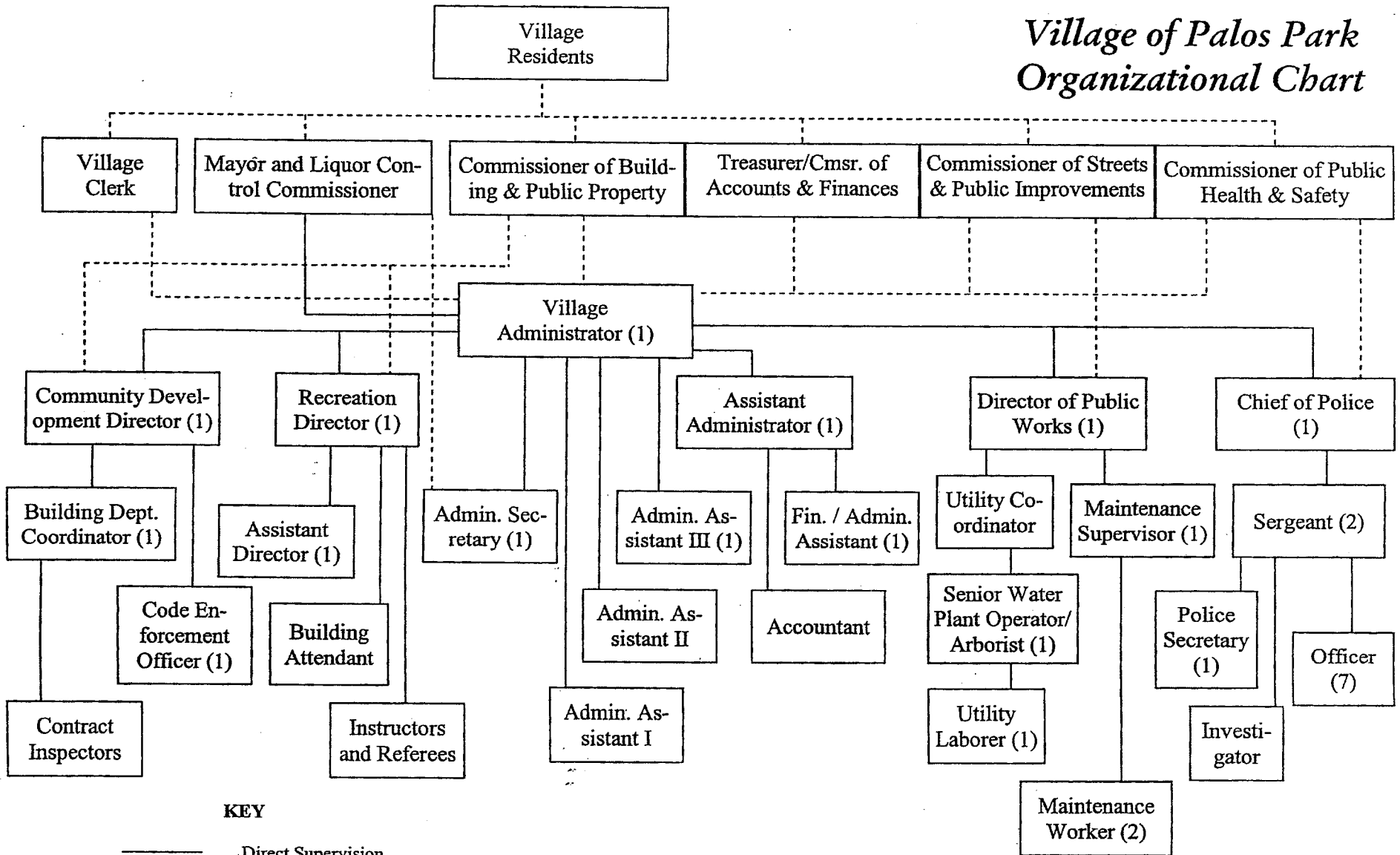
CLERK

Carol Bryson

ADMINISTRATOR

Richard B. Boehm

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, 2009

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.

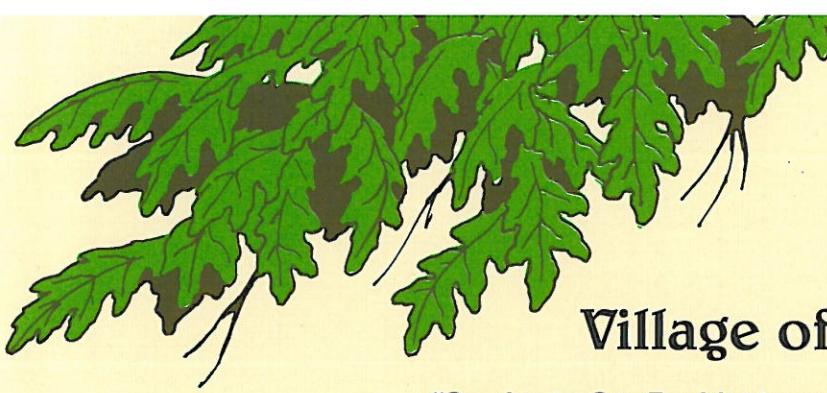


A stylized, handwritten signature in black ink, appearing to be "JHR".

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

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”***

October 14, 2010

DAN POLK
Public Health and Safety

JAMES PAVLATOS
Building and Public Property

CAROL A. BRYSON
Village Clerk

RICHARD B. BOEHM
Village Administrator

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

Mayor and Village Council:

State law requires that every general purpose local government publish within six 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, 2010. 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, 2010.

The Management Discussion and Analysis (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 Fiscal Year 2007, GASB 44 established and modified 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 (the 2000 Census figure). The Village of Palos Park covers an area of 3.6 square miles, and is an upscale community that prides itself on its semi-rural character. It has developed high-quality residential neighborhoods in which 97.1% of the homes are owner-occupied. The population of the community is very stable; according to the 2000 Census, 72.8% of owners have been resident since 1989 or earlier. The median age of residents is 46.9 years with 19.3% of residents over 65 years old. Two important concerns of residents are the maintenance of property values and environmental, and the quality of life issues.

Palos Park does not fit the traditional stereotype of the well-to-do southern suburb that rose out of reclaimed corn fields with expanses of flat green lawns and large fences separating neighbors. Instead, each residence sits amongst 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 parcel in order to build a home. This one-acre ordinance originated as a way to ensure the safety of well and septic systems, and has served as a mechanism to preserve the spacing between houses for which the Village is famous. Thus, the mature trees, long distances between houses, and frequent large street setbacks make it often difficult, if not impossible, to see homes from the street; and in addition, space, trees, or at most a post-and-rail fence is what separates neighbors. Ditches take the place of sidewalks and storm sewers in the Village, helping to replenish aquifers and further contributing to its distinctive character and pastoral setting.

The Village of Palos Park is primarily a bedroom community. 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 Expressway. 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 station. The Village prides itself on the high quality of its residential living and has historically been among the top Chicago area communities in per capita income.

The Village is governed by the Commission form of government consisting of a Mayor and four Commissioners elected at large for four year concurrent terms. Elected Commissioners are the legal department heads in the areas of Public Affairs (Mayor, by statute), Accounts and Finances, Public Health and Safety, Public Property and Building, and Streets and Public Improvements. The Village Clerk is also elected at large. The Village Council appoints, among others, the Village 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; however, spending limit is legally authorized by the Village's annual appropriations ordinance. The annual appropriation is typically 150% of each budget line item in order to account for emergency or contingent spending, but the annual budget is the working spending plan. In addition, the Village maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Village's governing body. Activities of the General Fund, Special Revenue Funds, Capital Projects Funds, Enterprise Funds, and Police Pension Fund are included in the annual budget. The level of budgetary control is established at the individual fund level.

OVERVIEW OF THE LOCAL ECONOMY AND FINANCES

Although primarily a residential community, the Village of Palos Park does have three small areas of commercial development. The northeast corner of 131st Street and LaGrange Road supports many individual businesses, while the northwest corner is the home of the Shoppes of Mill Creek, Mill Creek Center, and a gas station. Several retail stores and office buildings are in the area around Southwest Highway and Route 83. Finally, establishments are located along 123rd Street, primarily between 80th Avenue and 86th Avenue. There is limited industrial property in the Village.

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

Fiscal year 2010 saw the Village implementing a failsafe budget to reduce expenditures as a result of the continued economic downturn and decreasing revenue trends; as well as, there were no purchases of major pieces of capital equipment.

General Fund revenues decreased overall by 3.90% in FY10 to \$4,140,445. However, property taxes collections increased by 11.93%; and fees by agreement also increased by 1.67%. In addition, sales tax decreased by 8.50%, state income tax also decreased by 12.83%, and utility taxes decreased by 10.73% as compared to the prior fiscal year.

General Fund operating expenditures in decreased slightly FY10 by \$178,335 to a total of \$4,264,321 as compared to FY09. This 4.01% decrease in expenditures was due to a significant reduction in capital outlays which were put on hold in a slowing economy; as well as, departments reducing spending.

The ½% Sales Tax Fund had non-home rule sales tax revenues totaling \$151,856 that allowed for the funding of \$73,433 in Public Building and Grounds improvements. A fund balance of \$220,636 still remains in the fund for contingency and future improvements.

The Police Asset Forfeiture Fund did receive \$91,066 of forfeiture income in FY10, and \$5,000 in donations that allowed the Police Department to purchase a police vehicle.

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, 2010, the Palos Park held unreserved, undesignated fund balance equal to 21.23% of FY10 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 FY10, the Village Council completed a Commercial Areas Master Plan which was incorporated into the Village's Comprehensive Plan. The need to increase revenues and the desire to have better mixed-use areas motivated an analysis of every piece of property in Palos Park to assess which properties might be appropriate candidates for change in zoning in the future, given area growth and owner input. The Commercial Areas Master Plan identified 25 locations for consideration. As other areas are annexed, the number of commercial locations could increase. Strongly connected with this Commercial Areas Master Plan was consideration of zoning code amendments for commercial development. A Commercial Planned Unit Development zoning category is currently under consideration by the Planning Commission for recommendation to the Village Council. The next step in the long range planning process would be to amend the Village's Comprehensive Plan to incorporate the commercial property zoning designations and goals for development standards that would safeguard the character of the Village. The entire Commercial Areas Master Plan is available on the Village's website (www.palospark.org).

MAJOR INITIATIVE FOR THE YEAR AND FOR THE FUTURE

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

Administration Department

- Prioritize maintenance and beautification of public areas in the Village with the Public Works Director;
- Investigate and implement "Green" practices and developments;
- 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 monies into the General Fund, Sewer Fund, or Water Fund;
- Continue economic development efforts with ICSC;
- Continue and increase programs for success of local businesses through the Palos Park Business Association;
- Amend Personnel Code;
- Begin GIS implementation for general record keeping of Village files;

- Reinststitute presentation to Council of annual reports by department managers;
- Continue efforts toward the annexation and commercial development of Bell Road and McCarthy Road, Equestrian, Girl Scouts Camp, and Palos Glen Estates;
- 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;
- Continue annexation of Hidden Acre's at 8400 West and 131st Street South;
- Negotiate new five year lease with McCord NFP, and vendor lease at Metra Station;
- Advance the development plan for a multi-museum facility, bike trail, and gardens on MWRD leased property located at 86th Avenue and Route 83;
- Continue active participation as a member of the Cal Sag Bike Trail Coalition and begin Phase II engineering;
- Pursue approval of and funding for the traffic light control and installation at Creek Road and LaGrange Road;
- Develop rental programs with a new vendor at train station;
- Approve lease agreement with T-Mobile for a monopole or flag pole antenna at the Village water pumping station;
- After acquiring the drainage easement from a McCarthy Road resident, submit plans for ditch work to IDOT and Palos Heights, and then execute construction of the project;
- Continue with community development activities for commercial locations in the Village which 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 two non-conforming commercial uses; and
- Continue compliance with IRMA programs to ensure safety for employees and village residents.

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 effectively;
- 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 grading and drainage section of the code to address top of foundation relative to neighboring properties;
- Increase education campaign with department forms, newsletter articles, and contact procedures to decrease need for stop work;
- Analyze of building permit fees and fine schedules;
- Update zoning map and standards, building standards, and tree standards;
- Review permit expiration dates to extend dates for houses larger than 5000 square feet;
- Impose higher fines for violation of Village building codes and policies;
- Utilize the Comprehensive Plan as a guide for all zoning, subdivision, annexation, and other development issues and for budgeting purposes;
- Review the possibility residential fire sprinkler systems of houses of 5000 square feet or larger; and
- Finish installing the 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 2010 Fiscal Year's Comprehensive Annual Financial Report (CAFR);
- Prepared budget document for the GFOA's Distinguished Budget Presentation Award for Fiscal Year 2012;
- Promote professional development for the preparation and publication of financial statements and related note disclosures;
- Work on the new audit standards GASB Statement 54 for Fund Balance Reporting and Governmental Fund Type Definitions for fiscal year 2012 budget implementation;

- 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 provide at no additional cost;
- Institute a program in which each department head takes the previous year's goals and describes what was or was not accomplished on each item. Other accomplishments not on the previous year's goals would be added;
- 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 need to 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 a plan on funding the MWRD museum campus, looking specifically at donations and/or grants;
- Increase awareness of the new direct debit program and credit card 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 is implemented;
- Develop a better process for tracking and collecting the Places of Eating tax and sales receipts of businesses in the village; and
- Provide financial assistance, as needed, for any annexation plans that the Village Council may consider.

Police Department

- Enhance utilization of allocated asset forfeiture funds from the D.E.A. and Customs Task Force;
- Continue patrol fleet maintenance detection and prevention by our fleet manager to work tirelessly with new public works mechanic 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;
- Reorganize Emergency Management Agency structure and sharing dedicated resources with our local, state, and federal partners;
- Pursue state grant funding opportunities as they become available through state and federal resources;
- Implement Cook County EMA Project Shield, a state of the art wireless video system for our patrol units, and this is a Homeland Security Initiative;
- Continue to build the Emergency Management Agency and support training, equipment, and staff for deployment. Make EMA a fully functional and operating agency;
- Local Adjudication for all Village of Palos Park Police Department Code, Ordinance, and allowable by the Illinois Vehicle Code violations heard in a local setting by a Local Adjudication Hearing Officer;
- A Community Service officer position (College Student) in the future to free patrol staff to focus on patrol, enforcement, and prevention;
- Patrol coverage enhancement;
- Continue staff professional development and hazard recognition, detection, and mitigation for risk exposure reduction and traffic safety awareness; and
- Integration of the SWCD and CAPERS reporting data into a GIS system database.

Public Works Department

- Oversee the construction a new 500,000 gallon underground water storage reservoir and pump modifications at the pumping station;
- Carry out the inspection and refurbishment of the Village water tower;
- Implement the 2010 Motor Fuel Tax (MFT) road resurfacing project, and continue to maintain and repair Village streets;
- Address and undertake Hillside Circle issues and resurfacing project;
- Carry out the paving of the McCord House parking lot;
- Address code violations at Fitzjoy Farm;

- Continue to replace MXU reading devices and old water meters;
- Continue to participate in TreeBody USA, and develop Tree Specifications Manual;
- Develop Emerald Ash Borer Policy and enter into Illinois Department of Agriculture Compliance Agreement;
- Undertake engineering for ARRA Resurfacing Projects on 127th Street, 121st Street, and 80th Avenue CMAQ sidewalk project;
- Construct storm water relief on 88th Avenue north of 123rd Street;
- Continue to alleviate storm water conveyance system inadequacies, including updating locations where storm water causes roadway or related damage due to inadequately sized or deteriorated systems;
- Implement Storm Water Maintenance Ordinance and Study;
- Create new Village wide web based GIS for water system and sewers; and assess structural internal condition of sewers and link to GIS (Sewer Fund);
- Undertake all structural analysis of condition of sewer repairs (Sewer Fund);
- Replace pumps at five lift stations (Sewer Fund);
- Commence construction on new reservoir (Water Fund);
- Undertake painting of hydrants (Water Fund);
- Undertake leak survey (Water Fund); and
- Replace existing 20-year old pumps with new VFD and pump (Water Fund).

Recreation Department

- Continue to improve on condition of facility and 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;
- Develop and implement policies and procedures manuals;

- Implement new adult and senior programs;
- Implement new children and teen programs;
- Add an adult sport league to recreation program;
- Develop a sponsor package for special events;
- 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;
- Increase rental revenue at the Recreation Center;
- Participate in development of master plan for parks and recreation including for Palos West fields;
- Develop and implement a Parks and Recreation Master Plan; and
- Develop a plan for the west end park.

RELEVANT FINANCE 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 policy for fund balance is currently 25% of expenditures reported in the most recent CAFR.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Palos Park for its comprehensive annual financial report for the fiscal year ended April 30, 2009. This was the 11th 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 the Village Administrator, and Donna Mateja the Village Accountant, 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, and our executive staff including our Finance Director Barbara Maziarek, Public Works Director Rachael Kaplan, Recreation Director Nicole Marxman, Director of Building and Zoning Steve Manning, and Police Chief Joe Miller, who have all been instrumental in the planning and implementation of this project.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Mary A. O'Connor". The signature is written in black ink and is positioned above the printed name and title.

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

FINANCIAL SECTION



998 Corporate Boulevard • Aurora, IL 60502

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, (the Village) as of and for the year ended April 30, 2010, 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, 2010 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 as listed 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, appearing to read "Schuch LP".

Aurora, Illinois
October 13, 2010

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

VILLAGE OF PALOS PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2010

The Village of Palos Park's Management Discussion and Analysis (MD&A) is designed to assist the reader in focusing on significant financial issues, and provides an overview of the Village's financial activity. In addition, it also helps to identify the following: 1) changes in the financial position; 2) material deviations from the financial plan; and 3) individual fund issues or concerns. This section of the Village of Palos Park's Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the Village's financial activities during the fiscal year ending April 30, 2010. The MD&A is designed to focus on the current year's activities; and should be read in conjunction with the Transmittal Letter at the front of this report, and the Village's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- **Net asset position and performance in total** – The Village's total net assets at fiscal year-end were \$27,997,775; a decrease of \$281,670 during the year.
- **Governmental activity summary** – Net assets for governmental activities increased by \$84,350 during the year.
- **Business-type activity summary** – Net assets for business-type activities decreased by \$366,020 during the year.
- **General Fund summary** – The Village's General Fund reported a decrease of \$90,147 in fund balance for the year.
- **Budget vs. Actual** – The Village's actual revenues for governmental funds were less than budgeted revenues by \$497,007 while the actual expenditures were less than the total budgeted expenditures by \$63,336.
- **New capital** – Net capital and infrastructure assets decreased by \$856,942.

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.

FUND STATEMENTS				
DESCRIPTION	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 and liability information	All assets and liabilities; both financial and capital, short and long-term	Assets expected to be used and liabilities that come due during the year or shortly thereafter; no capital assets	All assets and liabilities; both financial and capital, short and long-term	All assets and liabilities; both short and long-term. Does not currently contain capital assets
Type of inflow and outflow information	All revenues and expenses during the year regardless of when cash is received or paid	Revenues for which cash is received during the year or shortly thereafter; expenditures for goods or services that have been received and payment is due during the year or shortly thereafter	All revenues and expenses during the year regardless of when cash is received or paid	All revenues and expenses during the year regardless of when cash is received or paid

Government-Wide Statements

The government-wide financial statements are designed to emulate the corporate-like sector in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The focus of the Statement of Net Assets (the “Unrestricted Net Assets”) is designed to disclose bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates governmental fund’s current financial resources (short-term spendable resources) with capital assets and long term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government’s general taxes and other resources. This is intended to summarize and simplify the user’s analysis of the cost of various governmental services and/or subsidy to various business-type activities.

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

Fund Financial Statements

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

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

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

Fiduciary Funds are presented for certain activities where the Village’s role is that of trustee or agent (i.e. Police Pension). While Fiduciary Funds represent trust responsibilities of the government, these assets are restricted in purpose, and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide financial statements.

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

Infrastructure Assets

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

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

NET ASSETS

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets:

TABLE 1
Statement of Net Assets for Fiscal Years 2009 and 2010
As of April 30, 2010

	<i>Governmental Activities 2010</i>	<i>Governmental Activities 2009</i>	<i>Business-type Activities 2010</i>	<i>Business- type Activities 2009</i>	<i>Total Primary Government 2010</i>	<i>Total Primary Government 2009</i>
<i>Assets:</i>						
<i>Current and Other Assets</i>	\$ 2,826,462	\$ 2,965,902	\$ 1,768,848	\$ 1,746,174	\$ 4,595,310	\$ 4,712,076
<i>Capital Assets</i>	5,052,779	5,224,632	23,318,700	22,944,989	28,371,479	28,169,621
<i>Total Assets</i>	\$ 7,879,241	\$ 8,190,534	\$ 25,087,548	\$ 24,691,163	\$ 32,966,789	\$ 32,881,697
<i>Liabilities:</i>						
<i>Other Liabilities</i>	\$ 1,045,602	\$ 1,230,654	\$ 926,922	\$ 173,436	\$ 1,972,524	\$ 1,404,090
<i>Long-Term Liabilities</i>	1,977,304	2,187,895	1,019,186	1,010,267	2,996,490	3,198,162
<i>Total Liabilities</i>	\$ 3,022,906	\$ 3,418,549	\$ 1,946,108	\$ 1,183,703	\$ 4,969,014	\$ 4,602,252
<i>Net Assets:</i>						
<i>Invested in capital assets, net of related debt</i>	\$ 3,273,865	\$ 3,292,655	\$ 22,337,788	\$ 21,891,367	\$ 25,611,653	\$ 25,184,022
<i>Restricted</i>	191,552	127,819	-	-	191,552	127,819
<i>Unrestricted</i>	1,390,918	1,351,511	803,652	1,616,093	2,194,570	2,967,604
<i>Total Net Assets</i>	<u>\$ 4,856,335</u>	<u>\$ 4,771,985</u>	<u>\$ 23,141,440</u>	<u>\$ 23,507,460</u>	<u>\$ 27,997,775</u>	<u>\$ 28,279,445</u>

For more detailed information see the Statement of Net Assets.

Normal Impacts – Net Assets

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

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

Current Year Impacts-Net Assets

The Village's combined net assets decreased from \$28,279,445 to \$27,997,775 with the decreases in both governmental capital assets and business type capital assets. Net assets of the Village's governmental activities increased \$84,350 during the year and ended the year at \$4,856,335. The Village's unrestricted net assets for governmental activities, the part of net assets that can be used to finance daily operations, increased \$39,407 over last year to \$1,390,918.

The net assets of business-type activities decreased \$366,020 during the year and ended the year at \$23,141,440. Unrestricted net assets, available to finance the continuing operation of its business type activities, were \$803,652. Business type activities include water, sewer, and commuter parking lot services. The annual operating cost of these services for FY10 was \$2,453,867.

Major capital activity during the year included the street resurfacing program using Motor Fuel Tax Fund proceeds, and seven drainage improvement projects paid for from the ½ % Sales Tax fund. One new squad car was purchased from the Police Asset Forfeiture Fund. In addition, the Sewer Fund purchased a vehicle and jetting equipping for the televising of sewers. From the General Fund, the Village continued the computer replacement and software upgrade program in the amount of \$30,000; and performed \$35,000 in repairs to Village owned buildings (Recreation Center, Kaptur Center, and Village rental house). Construction started during the fiscal year of an underground water reservoir. The total project is expected to cost \$2,073,141 which will be paid through a \$1,750,000 bond issuance and the remaining \$323,141 balance will be paid with reserves from the Water Fund.

The Village continued to make payments on the debt service for the Sluis Residential Property, Kaptur Administrative Center, and one installment loan for computer equipment; as well as, one sales tax rebate note, a brush chipper, and two General Obligation 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 2009 and 2010
For the Fiscal Year Ended April 30, 2010

	<i>Governmental Activities 2010</i>	<i>Governmental Activities 2009</i>	<i>Business-type Activities 2010</i>	<i>Business-type Activities 2009</i>	<i>Total Primary Government 2010</i>	<i>Total Primary Government 2009</i>
REVENUES						
<i>Program Revenues:</i>						
<i>Charges for Services</i>	\$ 1,300,440	\$ 1,298,679	\$ 2,012,608	\$ 1,391,519	\$ 3,313,048	\$ 2,690,198
<i>Operating grants</i>	128,535	189,263	-	-	128,535	189,263
<i>Capital grants</i>	14,020	20,000	-	-	14,020	20,000
<i>General Revenues:</i>						
<i>Property Taxes</i>	1,179,055	1,053,410	-	-	1,179,055	1,053,410
<i>Sales Taxes</i>	785,862	858,847	-	-	785,862	858,847
<i>Utility Taxes</i>	554,177	620,803	-	-	554,177	620,803
<i>Income Taxes</i>	372,418	427,237	-	-	372,418	427,237
<i>Other Taxes</i>	179,842	152,995	-	-	179,842	152,995
<i>Investment Income</i>	5,403	30,646	3,894	30,254	9,297	60,900
<i>Gain on Sale of Capital Assets</i>	-	-	-	-	-	-
<i>Contributions</i>	-	-	-	-	-	-
<i>Other</i>	41,283	39,587	71,345	136,228	112,628	175,815
Total Revenues	<u>\$ 4,561,035</u>	<u>\$ 4,691,467</u>	<u>\$ 2,087,847</u>	<u>\$ 1,558,001</u>	<u>\$ 6,648,882</u>	<u>\$ 6,249,468</u>
EXPENSES						
<i>General Government</i>	\$ 777,949	\$ 791,421	\$ -	\$ -	\$ 777,949	\$ 791,421
<i>Public Safety</i>	1,873,156	1,926,213	-	-	1,873,156	1,926,213
<i>Public Works</i>	578,961	530,728	-	-	578,961	530,728
<i>Building and Public Grounds</i>	596,335	790,866	-	-	596,335	790,866
<i>Culture and Recreation</i>	309,727	331,727	-	-	309,727	331,727
<i>Solid Waste</i>	263,727	252,592	-	-	263,727	252,592
<i>Water</i>	-	-	1,543,690	1,474,896	1,543,690	1,474,896
<i>Sewer</i>	-	-	837,692	849,458	837,692	849,458
<i>Commuter Lot</i>	-	-	72,485	106,159	72,485	106,159
<i>Interest</i>	76,830	102,709	-	-	76,830	102,709
Total Expenses	<u>\$ 4,476,685</u>	<u>\$ 4,726,256</u>	<u>\$ 2,453,867</u>	<u>\$ 2,430,513</u>	<u>\$ 6,930,552</u>	<u>\$ 7,156,769</u>
Change in Net Assets	\$ 84,350	\$ (34,789)	\$ (366,020)	\$ (872,512)	\$ (281,670)	\$ (907,301)
Ending Net Assets	\$ 4,856,335	\$ 4,771,985	\$ 23,141,440	\$ 23,507,460	\$ 27,997,775	\$ 28,279,445

Normal Impacts -- Changes in Net Assets

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

Revenues

- **Economic Condition** – Reflects a declining, stable, or growing economic environment and has a substantial impact on state income, sales, telecommunications, and utility tax revenues; as well as, public spending habits for items, such as: building permits and elective user fees including volumes of usage.
- **Increase/Decrease In Village Approved Rates** – While certain tax rates are set by statute, the Village Council has authority to impose and periodically increase/decrease rates (water, sewer, building permit fees, vehicle stickers, etc.). The Village's property taxes are subject to tax caps which generally limit Village increases to the lesser of Consumer Price Index (0.10% for the 2009 levy) or 5.0%, plus any growth gained through development or redevelopment.
- **Changing Patterns In Intergovernmental And Grant Revenue (both recurring and non-recurring)** – Certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year to year comparisons.
- **Market Impacts On Investment Income** – The Village's investment portfolio is managed with an approach utilizing competitive pricing, laddered maturities up to one year for term investments, and diversity of investments. Market conditions may cause investment income to fluctuate more than would occur with more short-term composition.

Expenses

- **Changes In Programs** – Within the functional expense categories (General Government, Public Safety, Public Works, etc.) individual programs may be added, deleted, or expanded to meet changing community needs.
- **Changes In Authorized Personnel** – Changes in service demand may cause the Village Council to increase/decrease authorized staffing.
- **Salary Increases (annual adjustments and step increases)** – The ability to attract and retain human and intellectual resources requires the Village to strive to maintain a competitive salary range position in the marketplace.

- **Inflation** – Overall inflation declined (the CPI-U was (0.10%) at the end of FY10 compared to the end of FY09’s CPI-U of 4.1% - the decrease was attributable to decline in the overall economy), but the CPI measures “average” inflation. Almost everyone will have either a higher or a lower inflation rate based upon his or her exact goods or services purchased. Sometimes these consumer specific inflation rates can be significantly different from the CPI. To get a better idea of how the specific inflation faced by local governments compares with the CPI, the Illinois Municipal League began constructing its own Illinois Municipality Price Index (MPI) in 1968. This MPI takes into account that municipalities, including the Village of Palos Park, are heavy consumers of services (such as engineers, lawyers, accountants, governmental wages, and health insurance) and energy dependent commodities (such as patrol vehicle fuel, asphalt, and electricity). For most of the past 16 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 16 year period concluding at the end of calendar 2006 the CPI increased a cumulative 54%, while the MPI increased a whopping 85%. 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 16 years.
- **Unfunded Mandates and Imposed Fees** – Over the years there have been many unfunded mandates and fee impositions that have hit municipalities without corresponding revenue increases. Some are from the federal government, such as mandated blood-borne pathogens kits and training. Some are from the state, such as: mandated video recording of confessions; racial profiling collection and capture of data; and 2003’s imposition of NPDES fees. Some are from the county; such as, prisoner property processing containers. Finally, some are from other sources; such as, GASB’s recommended new statistical section format at the conclusion of this document.

Current Year Impacts -- Changes in Net Assets

Governmental Activities

Revenue: Revenues declined in all operating categories except for property taxes and fees by agreement during the fiscal year. However, since no capital grants were posted in the fiscal year, overall total revenues in FY10 were reduced by a net amount of \$130,432. Revenues from governmental activities totaled \$4,561,035 (\$1,300,440 for Charges for Services; \$128,535 for Operating Grants, \$14,020 for Capital Grants, and \$3,118,040 for General Revenues). Property taxes were the Village’s largest source of revenue at \$1,179,055, an increase of 11.93% over FY09. Sales tax revenue decreased by 8.50% to \$785,862, or \$72,985 less than FY09. Utility taxes in FY10 decreased to \$554,177, but were still not as high as they were in FY06 that resulted in \$654,620 being received from that revenue source. Building Department contractor licenses, permits, inspection fees, and review fees decreased to \$467,581 or 3.18%, due to the decline in housing development; as well as, general investment activity in the maintenance of home improvements. State income taxes decreased 12.83% to an annual total of \$372,418 or \$79.42 per capita from \$91.11 in FY09. Other revenue sources have experienced minor decreases, again reflecting the continued downturn in the economy.

Expenses: Expenses for governmental activities totaled \$4,476,685, representing a 5.28% decrease from the previous fiscal year. Some of the more notable decreases in spending are as follows: Wages increased only slightly by 0.77% and benefits decreasing 6.17%; Legal fees increased 6.88% to \$119,781; as well as, other contractual services increased 0.80% to \$812,595 in FY10. Modest increases in departmental expenses in Administration, Finance, Public Grounds, and Solid Waste; while Public Affairs, Public Safety, Public Works, Building, and Recreation Departments noted decreases in departmental expenditures during the fiscal year.

Business-Type Activities

Revenue: Revenue from business-type activities totaled \$2,087,847 (\$2,012,608 Charges for Services, and \$75,239 from other revenue sources) representing an increase of \$529,846 over the previous fiscal year. FY10 saw maintenance of the current water and sewer tap-in fees, but the water and sewer rate study did result in a rate adjustment for both water and sewer funds in the summer of 2010. It was initially projected in FY10 that a water revenue bond would be floated to pay for the construction of an underground water storage tank; however, a delay in the project postponed the bond issuance to May 2010, with a completion date in fiscal year 2011 of the project.

Expenses: Expenses for business-type activities totaled \$2,453,867, a \$23,354 increase over the previous fiscal year. In the fiscal year, Personnel expenses increased by \$93,619; in addition, water purchases increased by 4.47% to \$345,016, again because of increased usage by residents during the summer of 2009. Overall Sewer Fund operating expenses were more in FY10 due to the Services Costs increasing by 40.65% to 224,643 and Capital Outlay increasing by 128.98% to 176,336. The Commuter Lot Fund saw a full year of operation as the expenditures for utilities have stabilized. The Village continues to provide additional landscaping and plantings after taking control of the station from Metra. Finally, as mentioned before, the budget had projected that an underground water storage tank would be constructed, but that project began in the latter half of fiscal year 2010, and completion of the storage tank is expected during fiscal year 2011.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

For the fiscal year ended April 30, 2010, the Governmental Funds reflect a combined fund balance of \$1,758,517; a decrease of \$5,094, or 0.28%, under the prior fiscal year. Total revenues for the General Fund were less than the budgeted revenues by \$497,007, or 10.72%. A majority of that revenue shortfall can be attributed to lower state shared revenues, intergovernmental revenues, and fines and forfeits. Operating expenditures were lower than projected in the budget by \$63,336 as departmental expenditures decreased during FY10; however, those decreases were offset by increased expenditures totaling \$1,854 in budgeted versus actual expenditures for debt retirement, and general government expenditures increasing by \$78,488 in fiscal year 2010.

The General Fund ending fund balance at April 30, 2010 was \$981,076, a reduction of \$90,147. 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; however, the recent trend, which does not differ from other municipalities in the state as the economic crisis continues, is worth keeping an eye on.

TABLE 3
General Fund Budgetary Highlights

<i>General Fund</i>	<i>FY10 Budget</i>	<i>FY10 Actual</i>	<i>FY09 Actual</i>	<i>FY08 Actual</i>	<i>FY07 Actual</i>
<i>Revenues</i>					
<i>Taxes</i>	\$ 3,191,728	\$ 2,919,498	\$ 2,944,505	\$ 2,952,001	\$ 2,764,198
<i>Licenses & Permits</i>	502,227	467,581	482,959	653,044	505,647
<i>Intergovernmental</i>	94,000	15,823	95,575	26,994	73,921
<i>Other</i>	849,497	737,543	785,585	895,238	853,036
Total	\$ 4,637,452	\$ 4,140,445	\$ 4,308,624	\$ 4,527,277	\$ 4,196,802
<i>Expenditures</i>					
<i>Current</i>	(\$4,056,009)	(\$3,990,964)	(\$4,092,084)	(\$4,166,766)	(\$3,731,269)
<i>Capital Outlay</i>	(1,000)	(855)	(54,267)	(114,438)	(733,931)
<i>Debt Service</i>	(270,648)	(272,502)	(296,305)	(366,641)	(336,966)
Total	(\$4,327,657)	(\$4,264,321)	(\$4,442,656)	(\$4,647,845)	(\$4,802,166)
<i>Other Financing Sources Uses</i>					
<i>Transfers In</i>	\$ 92,650	\$ 71,276	\$ 13,700	\$ 66,358	\$ 0
<i>Transfers Out</i>	(90,000)	(103,022)	(110,872)	(56,000)	(60,200)
<i>Issuance of installment notes</i>	0	64,216	31,316	0	653,599
<i>Proceeds from sale of assets</i>	15,000	1,259	7,862	3,239	16,576
Total	\$ 17,650	\$ 33,729	(\$ 57,994)	\$ 13,597	609,975
Net Change in Fund Balance	\$ 327,445	(\$ 90,147)	(\$ 192,026)	(\$ 106,971)	\$ 4,611

Actual General Fund revenues were smaller than originally budgeted revenues by \$497,007 for the fiscal year. The actual expenditures exceeded the actual revenue by \$123,876. Notable differences between the budget and actual numbers for Revenues, Expenditures, and Other Financing Sources are explained below.

Sales Tax and Utility Tax revenues were less than budgeted, decreases in the amounts of \$100,994 and \$96,223 respectively. Intergovernmental Revenues were \$78,177 less than expected; as well as, Fine and Forfeits were \$89,156 less than budgeted. These decreases in actual revenues are the result of the continued slowed economy, which has a considerable impact on the Village during fiscal year 2010.

General Fund expenditures were \$63,336 less than anticipated, as a result of tighter controls on spending and a decrease in departmental expenses; with the exception of general government expenditures increasing only \$78,488 over budget. Reduction in benefits, insurance, and commodities also contribute to the overall decrease in General Fund expenditures.

In Fiscal Year 2010 Transfers into the General Fund, in the amount of \$71,276, came in lower than anticipated; while the Transfers Out were in excess of the budgeted transfers. The proceeds from the sale of assets were considerable less than anticipated by \$13,741.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of Fiscal Year 2010, the Village's Governmental Funds had a total of capital assets, in the amount of \$5,052,779, invested in a broad range of capital assets including land, land improvements, buildings, vehicles, machinery and equipment, furniture and fixtures, streets, water mains, storm sewers, and sanitary sewer lines. For more detailed information on capital assets, refer to Notes to Financial Statements #5: Capital Assets in the basic financial statements.

**TABLE 4
Governmental Funds
Change in Net Capital Assets**

	<i>Beginning Balance May 1, 2009</i>	<i>Additions/ Deletions</i>	<i>Ending Balance April 30, 2010</i>
<i>Non-Depreciable Assets</i>			
<i>Land</i>	\$ 1,598,500	\$ -	\$ 1,598,500
<i>Depreciable Capital Assets</i>			
<i>Infrastructure</i>	300,000	-	300,000
<i>Buildings and Improvements</i>	3,862,500	-	3,862,500
<i>Equipment and Vehicles</i>	787,941	22,302	810,243
<i>Accumulated Depreciation on Capital Assets</i>	(1,324,309)	(194,155)	(1,518,464)
<i>Totals</i>	\$ 5,224,632	\$ (171,853)	\$ 5,052,779

As seen above, there was no new Construction-in-Progress or Construction-in-Progress retirements for the Governmental Funds in FY10. Only one new vehicle was purchased for Public Safety during fiscal year 2010.

Debt Outstanding

At year end, the Village of Palos Park had the following installment contracts payable:

- As part of a 1990 annexation agreement, the Village issued an \$875,000 note payable to the developer for the creation of a business district; during the fiscal year, the Village retired this debt. As of April 30, 2010, there was no balance owed on this note.
- In 2000, the Village issued a \$1,845,000 installment contract for the construction of the Kaptur Administrative Center. In January, 2010 the Village refunded this installment contract and issued \$1,055,000 Series 2010 refunding certificates, payable in annual installments until December, 2014.
- 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, 2010, the balance was \$161,000.
- 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, 2010, the balance was \$515,000.

- In the month of August 2009, the Village issued one installment contract in the amount of \$31,316 for the purchase of a brush chipper. As of April 30, 2010, there is a \$21,117 balance on this contract.
- In November, 2009 the Village entered into an installment purchase contract for the purchase of computers. As of April 30, 2020 there is a \$27,581 balance on this contract.
- The Village's Water Fund has bonds payable to two special assessments (96-1A and 96-1B) for a public benefit portion of those special assessments. The principal balance as of April 30, 2010 was \$320,912.
- 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, 2010 the combined principal balance remaining was \$660,000.

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 \$23,611,027. The Village's potential total general obligation debt of \$660,000 is well within the limit. See Notes to Financial Statements #7: Long-Term Debt for additional information regarding the long-term debt of the Village.

<i>ECONOMIC FACTORS</i>

The Village's elected officials and department heads considered many factors when preparing the fiscal year's budget, adopting the property tax levy, and setting fees that will be charged for its governmental and business-type activities. The economic factors taken into account for fiscal year when those documents were prepared and/or considered are described below.

The Village's 2009 Equalized Assessed Value (EAV) for property taxes payable in 2010 increased by 8.05% over the 2008 EAV, which is considerable less than the 17.21% increase experienced in the previous year (2008) but still greater than the 6.32% increase experienced the year before for the 2007 tax year; for which there are two explanations for this increase. First, and foremost, Palos Park had a triennial reassessment in 2008 which contributed to this increase in the 2008 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 smaller increases in EAV, given the larger than average amount of new construction in FY08 and FY09, shows that this housing crisis has a direct affect on the community. It is also worth stating at this point that the Village of Palos Park's property tax revenue is just 7.07% of the property tax assessed its citizens (this increases to 9.32% if you add the Village's library component unit).

The Consumer Price Index for the Chicago-Gary-Kenosha area was 2.4% for April 2010; a figure above the national average of 2.2%. 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.

The Village has long established policies, special revenue funds, and other reserves to provide for its ability to continue operations should changes in the economy or its normal revenue streams occur. While the financial issues particularly associated with the State of Illinois are yet to be resolved, the Village may need to re-evaluate its operations, consider increasing other revenue sources, and/or reduce expenditures should there be significant or permanent changes in normal funding received through these sources in the future.

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 Richard B. Boehm, Village Administrator, Kaptur Administrative Center, 8999 W. 123rd Street, Palos Park, Illinois 60464.

VILLAGE OF PALOS PARK, ILLINOIS

STATEMENT OF NET ASSETS

April 30, 2010

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Palos Park Public Library
ASSETS				
Cash and cash equivalents	\$ 1,332,361	\$ 1,429,254	\$ 2,761,615	\$ 640,787
Investments	228,451	97,908	326,359	-
Receivables, net of allowance where applicable				
Accounts	-	228,153	228,153	-
Property taxes	619,017	-	619,017	231,245
State sales tax	181,169	-	181,169	-
Grants	-	-	-	4,788
Other	345,447	-	345,447	1,400
Motor fuel tax allotments	10,171	-	10,171	-
Due from component unit	10,758	-	10,758	-
Prepaid expenses	58,168	13,533	71,701	-
Deferred charges	34,215	-	34,215	-
Net pension asset	6,705	-	6,705	-
Capital assets, not being depreciated	1,598,500	1,058,800	2,657,300	10,700
Capital assets, being depreciated (net of accumulated depreciation)	3,454,279	22,259,900	25,714,179	215,527
Total assets	7,879,241	25,087,548	32,966,789	1,104,447
LIABILITIES				
Accounts payable	254,863	910,503	1,165,366	-
Wages payable	38,011	6,013	44,024	3,374
Deposits payable	8,416	-	8,416	-
Due to primary government	-	-	-	10,758
Accrued interest	18,577	10,406	28,983	-
Unearned revenue	725,735	-	725,735	231,245
Long-term liabilities				
Due within one year	285,463	98,451	383,914	4,873
Due in more than one year	1,691,841	920,735	2,612,576	-
Total liabilities	3,022,906	1,946,108	4,969,014	250,250
NET ASSETS				
Invested in capital assets, net of related debt	3,273,865	22,337,788	25,611,653	226,227
Restricted for				
Public safety	6,050	-	6,050	-
Public works	141,614	-	141,614	-
Culture and recreation	43,888	-	43,888	627,970
Unrestricted	1,390,918	803,652	2,194,570	-
TOTAL NET ASSETS	\$ 4,856,335	\$ 23,141,440	\$ 27,997,775	\$ 854,197

See accompanying notes to financial statements.

VILLAGE OF PALOS PARK, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2010

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 777,949	\$ 284,670	\$ -	\$ -
Public safety	1,873,156	319,211	10,198	5,625
Public works	578,961	4,500	118,337	8,395
Building and public grounds	596,335	244,904	-	-
Culture and recreation	309,727	172,160	-	-
Solid waste	263,727	274,995	-	-
Interest	76,830	-	-	-
Total governmental activities	4,476,685	1,300,440	128,535	14,020
Business-Type Activities				
Water	1,543,690	1,465,267	-	-
Sewer	837,692	465,038	-	-
Commuter lot	72,485	82,303	-	-
Total business-type activities	2,453,867	2,012,608	-	-
TOTAL PRIMARY GOVERNMENT	\$ 6,930,552	\$ 3,313,048	\$ 128,535	\$ 14,020
COMPONENT UNIT				
Palos Park Public Library	\$ 475,518	\$ 19,719	\$ 4,788	\$ -

Net (Expense) Revenue and Change in Net Assets				
Primary Government				Component Unit
Governmental Activities	Business-Type Activities	Total	Palos Park Public Library	
\$ (493,279)	\$ -	\$ (493,279)	\$ -	
(1,538,122)	-	(1,538,122)	-	
(447,729)	-	(447,729)	-	
(351,431)	-	(351,431)	-	
(137,567)	-	(137,567)	-	
11,268	-	11,268	-	
(76,830)	-	(76,830)	-	
(3,033,690)	-	(3,033,690)	-	
-	(78,423)	(78,423)	-	
-	(372,654)	(372,654)	-	
-	9,818	9,818	-	
-	(441,259)	(441,259)	-	
(3,033,690)	(441,259)	(3,474,949)	-	
-	-	-	(451,011)	
General Revenues				
Taxes				
Property	1,179,055	-	1,179,055	372,674
Sales	785,862	-	785,862	-
Income	372,418	-	372,418	-
Utility	554,177	-	554,177	-
Other	179,842	-	179,842	5,019
Investment income	5,403	3,894	9,297	8,527
Miscellaneous	41,283	71,345	112,628	4,033
Total	3,118,040	75,239	3,193,279	390,253
CHANGE IN NET ASSETS	84,350	(366,020)	(281,670)	(60,758)
NET ASSETS, MAY 1	4,771,985	23,507,460	28,279,445	914,955
NET ASSETS, APRIL 30	\$ 4,856,335	\$ 23,141,440	\$ 27,997,775	\$ 854,197

See accompanying notes to financial statements.

VILLAGE OF PALOS PARK, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2010

	General	Nonmajor	Total
ASSETS			
Cash and cash equivalents	\$ 491,767	\$ 840,594	\$ 1,332,361
Investments	228,451	-	228,451
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	619,017	-	619,017
State sales tax	146,630	34,539	181,169
Other	345,447	-	345,447
Motor fuel tax allotments	-	10,171	10,171
Due from component unit	10,758	-	10,758
Prepaid items	58,168	-	58,168
	\$ 1,900,238	\$ 885,304	\$ 2,785,542
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 253,718	\$ 1,145	\$ 254,863
Deposits payable	8,416	-	8,416
Wages payable	38,011	-	38,011
Deferred revenue	619,017	106,718	725,735
	919,162	107,863	1,027,025
FUND BALANCES			
Reserved for prepaid items	58,168	-	58,168
Reserved for public safety	-	9,870	9,870
Reserved for public works	-	141,614	141,614
Reserved for culture and recreation	-	43,888	43,888
Unreserved			
Undesignated			
General	922,908	-	922,908
Special revenue	-	90,143	90,143
Capital projects	-	491,926	491,926
	981,076	777,441	1,758,517
	\$ 1,900,238	\$ 885,304	\$ 2,785,542

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, 2010

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 1,758,517
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	5,052,779
Deferred charges is reported as an asset on the statement of net assets	34,215
The net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds	6,705
Interest payable is not due and payable in the current period and, therefore, not reported in the governmental funds	(18,577)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Installment contracts	(1,779,698)
Loss on refunding of long-term debt is reported as a liability on the statement of net assets	12,991
Unamortized premium on long-term debt is reported as a liability on the statement of net assets.	(12,207)
Compensated absences payable is not due and payable in the current period and, therefore, is not reported in governmental funds	(198,390)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 4,856,335</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, 2010

	General	Nonmajor	Total
REVENUES			
Property taxes	\$ 1,179,055	\$ -	\$ 1,179,055
Other taxes	1,740,443	151,856	1,892,299
Licenses, permits and fees	467,581	-	467,581
Intergovernmental	15,823	131,909	147,732
Charges for services	23,473	26,932	50,405
Fees by agreement	619,316	-	619,316
Fines and forfeits	63,144	91,066	154,210
Investment income	4,054	1,349	5,403
Miscellaneous	27,556	7,478	35,034
Total revenues	4,140,445	410,590	4,551,035
EXPENDITURES			
Current			
General government	736,570	-	736,570
Public safety	1,775,212	14,061	1,789,273
Public works	445,722	88,121	533,843
Building and public grounds	500,069	93,929	593,998
Culture and recreation	269,664	31,952	301,616
Solid waste	263,727	-	263,727
Capital outlay	855	22,302	23,157
Debt service			
Principal	197,279	85,000	282,279
Interest and fiscal charges	75,223	21,918	97,141
Total expenditures	4,264,321	357,283	4,621,604
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(123,876)	53,307	(70,569)
OTHER FINANCING SOURCES (USES)			
Transfers in	71,276	194,840	266,116
Transfers (out)	(103,022)	(163,094)	(266,116)
Issuance of installment contracts	1,085,000	-	1,085,000
Premium on installment contracts	12,207	-	12,207
Payment to escrow agent	(1,032,991)	-	(1,032,991)
Proceeds from sale of assets	1,259	-	1,259
Total other financing sources (uses)	33,729	31,746	65,475
NET CHANGE IN FUND BALANCES	(90,147)	85,053	(5,094)
FUND BALANCES, MAY 1	1,071,223	692,388	1,763,611
FUND BALANCES, APRIL 30	\$ 981,076	\$ 777,441	\$ 1,758,517

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, 2010

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (5,094)
Amounts reported for governmental activities in the statement of activities are different because:	
The change in net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds	(3,820)
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	22,302
The issuance of long-term debt is reported as an other financing source in governmental funds, but as an increase of principal outstanding in the statement of activities	(1,085,000)
The premium on issuance of long-term debt is reported as an other financing use in governmental funds but as an increase of principal outstanding in the statement of activities	(12,207)
The payment to escrow agent is reported as an other financing use in governmental funds but as a decrease in principal outstanding in the statement of activities	1,032,991
The issuance costs on long-term debt are reported as an expenditure in governmental funds but as a deferred charge on the statement of net assets	34,215
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	292,279
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	(194,155)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Decrease in accrued interest payable	20,311
Increase in compensated absences	(17,472)
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 84,350</u>

See accompanying notes to financial statements.

VILLAGE OF PALOS PARK, ILLINOIS

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

April 30, 2010

	Business-Type Activities			
	Water	Sewer Maintenance	Nonmajor	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,050,691	\$ 359,783	\$ 18,780	\$ 1,429,254
Investments	97,908	-	-	97,908
Accounts receivable	177,084	51,069	-	228,153
Prepaid expenses	6,605	5,860	1,068	13,533
Total current assets	1,332,288	416,712	19,848	1,768,848
CAPITAL ASSETS				
Capital assets, not being depreciated	1,058,800	-	-	1,058,800
Capital assets, being depreciated, cost	16,330,171	17,013,734	-	33,343,905
Less accumulated depreciation	(5,393,579)	(5,690,426)	-	(11,084,005)
Net capital assets	11,995,392	11,323,308	-	23,318,700
Total assets	13,327,680	11,740,020	19,848	25,087,548
CURRENT LIABILITIES				
Accounts payable	883,649	24,460	2,394	910,503
Wages payable	3,891	2,122	-	6,013
Accrued interest	4,568	5,838	-	10,406
Compensated absences payable	3,448	2,293	-	5,741
General obligation bond payable	24,400	30,600	-	55,000
Special assessment bond payable	37,710	-	-	37,710
Total current liabilities	957,666	65,313	2,394	1,025,373
LONG-TERM LIABILITIES				
Compensated absences payable	19,538	12,995	-	32,533
General obligation bond payable	270,256	334,744	-	605,000
Special assessment bond payable	283,202	-	-	283,202
Total long-term liabilities	572,996	347,739	-	920,735
Total liabilities	1,530,662	413,052	2,394	1,946,108
NET ASSETS				
Invested in capital assets, net of related debt	11,379,824	10,957,964	-	22,337,788
Unrestricted	417,194	369,004	17,454	803,652
TOTAL NET ASSETS	\$ 11,797,018	\$ 11,326,968	\$ 17,454	\$ 23,141,440

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, 2010

	Business-Type Activities			
	Sewer			Total
	Water	Maintenance	Nonmajor	
OPERATING REVENUES				
Charges for services	\$ 1,431,025	\$ 462,529	\$ 82,303	\$ 1,975,857
Sale of water meters	3,186	-	-	3,186
Other income	31,056	2,509	-	33,565
Total operating revenues	1,465,267	465,038	82,303	2,012,608
OPERATING EXPENSES				
Personnel	351,400	131,624	-	483,024
Commodities	18,671	20,813	5,047	44,531
Water purchases	345,016	-	-	345,016
Services	384,225	224,643	67,438	676,306
Repairs and maintenance	-	355	-	355
Depreciation	415,210	445,860	-	861,070
Total operating expenses	1,514,522	823,295	72,485	2,410,302
OPERATING INCOME (LOSS)	(49,255)	(358,257)	9,818	(397,694)
NONOPERATING REVENUES (EXPENSES)				
Investment income	3,157	694	43	3,894
Rental income	32,835	-	-	32,835
Tap-on fees	2,803	35,707	-	38,510
Interest expense	(29,168)	(14,397)	-	(43,565)
Total nonoperating revenues (expenses)	9,627	22,004	43	31,674
NET INCOME (LOSS)	(39,628)	(336,253)	9,861	(366,020)
NET ASSETS, MAY 1	11,836,646	11,663,221	7,593	23,507,460
NET ASSETS, APRIL 30	\$ 11,797,018	\$ 11,326,968	\$ 17,454	\$ 23,141,440

See accompanying notes to financial statements.

VILLAGE OF PALOS PARK, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended April 30, 2010

	Business-Type Activities			
	Water	Sewer Maintenance	Nonmajor	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,435,949	\$ 452,892	\$ 82,303	\$ 1,971,144
Payments to suppliers	(742,005)	(230,537)	(71,765)	(1,044,307)
Payments to employees	(360,001)	(131,057)	-	(491,058)
Net cash from operating activities	333,943	91,298	10,538	435,779
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Rental income	32,835	-	-	32,835
Tap-on fees	2,803	35,707	-	38,510
Net cash from noncapital financing activities	35,638	35,707	-	71,345
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(197,973)	(175,981)	-	(373,954)
Principal paid on long-term debt	(62,110)	(30,600)	-	(92,710)
Interest paid on long-term debt	(29,483)	(14,808)	-	(44,291)
Net cash from capital and related financing activities	(289,566)	(221,389)	-	(510,955)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,649	694	43	2,386
Net cash from investing activities	1,649	694	43	2,386
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	81,664	(93,690)	10,581	(1,445)
CASH AND CASH EQUIVALENTS, MAY 1	969,027	453,473	8,199	1,430,699
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 1,050,691	\$ 359,783	\$ 18,780	\$ 1,429,254
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (49,255)	\$ (358,257)	\$ 9,818	\$ (397,694)
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	415,210	445,860	-	861,070
Changes in assets and liabilities				
Receivables	(29,318)	(12,146)	-	(41,464)
Prepaid expenses	(558)	(498)	(91)	(1,147)
Accounts payable	6,465	15,772	811	23,048
Accrued payroll and compensated absences	(8,601)	567	-	(8,034)
NET CASH FROM OPERATING ACTIVITIES	\$ 333,943	\$ 91,298	\$ 10,538	\$ 435,779

See accompanying notes to financial statements.

VILLAGE OF PALOS PARK, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

April 30, 2010

	Pension Trust	Agency
ASSETS		
Cash and cash equivalents	\$ -	\$ 2,342,934
Investments		
U.S. Treasury securities	139,834	-
U.S. agency securities	888,527	-
Municipal bonds	109,087	-
Mutual funds	133,190	-
Money market mutual funds	100,453	-
Accrued interest	12,234	-
Total assets	<u>1,383,325</u>	<u>\$ 2,342,934</u>
LIABILITIES		
Due to bondholders	-	\$ 2,342,934
Total liabilities	<u>-</u>	<u>\$ 2,342,934</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
	<u>\$ 1,383,325</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, 2010

ADDITIONS	
Contributions	
Employer	\$ 147,537
Employee	<u>62,034</u>
Total contributions	<u>209,571</u>
Investment income	
Interest	44,782
Net depreciation in fair value of of investments	<u>49,423</u>
Total investment income	94,205
Less investment expense	<u>(5,795)</u>
Net investment income	<u>88,410</u>
Total additions	<u>297,981</u>
DEDUCTIONS	
Benefits and refunds	55,868
Administration	<u>405</u>
Total deductions	<u>56,273</u>
NET INCREASE	241,708
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
May 1	<u>1,141,617</u>
April 30	<u>\$ 1,383,325</u>

See accompanying notes to financial statements.

VILLAGE OF PALOS PARK, ILLINOIS

INDEX TO NOTES TO FINANCIAL STATEMENTS

April 30, 2010

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VILLAGE OF PALOS PARK, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

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 is 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 Palos Park Public Library (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.

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

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 special assessments 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.

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

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.

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

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 nonoperating.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The 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 and income taxes use a 120-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.

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

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 nonnegotiable 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, 2010 for debt and equity securities. Mutual funds, investment funds and insurance separate accounts, if any, are valued at contract value as of April 30, 2010.

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. The Village utilizes the consumption method of accounting for prepaid items.

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.

<u>Asset Class</u>	<u>Capitalization Threshold</u>
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:

	<u>Years</u>
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.

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

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.

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

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 noncurrent 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. 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 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.

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

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

2. DEPOSITS AND INVESTMENTS (Continued)

A. Village 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 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, 2010:

Investment Type	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	Greater Than 10
U.S. Treasury obligations	\$ 153,928	\$ -	\$ 57,756	\$ 96,172	\$ -
U.S. agency obligations	166,180	15,652	119,253	31,275	-
Money market mutual funds	2,339,247	2,339,247	-	-	-
TOTAL	\$ 2,659,355	\$ 2,354,899	\$ 177,009	\$ 127,447	\$ -

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.

In accordance with its investment policy, the Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in external investment pools. The U.S. agency obligations and money market mutual funds are all rated AAA.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Village's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) or a receipts versus payment (RVP) basis with the underlying investments held by a safekeeping agent designated by the Village and evidenced by safekeeping receipts.

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

2. 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, 2010, the Village had greater than five percent of its overall portfolio invested in U.S. Treasury obligations and U.S. agency obligations. The Village's investment policy requires diversification of investment to avoid unreasonable risk. The policy requires that no category of investment should exceed 40% of the total portfolio except for cash equivalents and treasury securities. Further, the portfolio should at no time hold deposits constituting more than 10% of any single financial institution's total deposits.

B. Police Pension Investments

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

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

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

2. 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 Police Pension Fund's investment policy requires pledging of collateral for all investments in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by the Police Pension Fund, an independent third party or the Federal Reserve Bank of Chicago.

Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of April 30, 2010:

Investment Type	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	Greater Than 10
U.S. Treasury obligations	\$ 139,834	\$ -	\$ 77,612	\$ 26,752	\$ 35,470
U.S. agency obligations	888,527	87,527	516,200	253,530	31,270
Municipal bonds	109,087	-	37,110	40,127	31,850
Money market mutual funds	100,453	100,453	-	-	-
TOTAL	\$ 1,237,901	\$ 187,980	\$ 630,922	\$ 320,409	\$ 98,590

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

In accordance with its investment policy, the Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in U.S. agency obligations and other highly rated obligations. The U.S. agency obligations and money market mutual funds 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. However, there is no exposure to custodial credit risk for investments.

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

2. 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, 2010, the Police Pension Fund had greater than five percent of its overall portfolio invested in U.S. Treasury and U. S. agency 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.

3. RECEIVABLES - PROPERTY TAXES

Property taxes for the 2009 levy year attach as an enforceable lien on January 1, 2009, 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, 2010 and September 1, 2010, and are payable in two installments, on or about March 1, 2010 and October 1, 2010. The County collects such taxes and remits them periodically. The second half collections of the 2008 levy and the first half collections of 2009 are intended to finance the 2010 fiscal year. The remaining collections of the 2009 levy are not considered available for current operations and are, therefore, shown as deferred/unearned revenue. The 2010 tax levy has not been recorded as a receivable at April 30, 2010, as the tax attached as a lien on property as of January 1, 2010; however, the tax will not be levied until December 2010 and, accordingly, is not measurable at April 30, 2010.

4. OTHER RECEIVABLES

The following receivables are included in other receivables on the statement of net assets:

GOVERNMENTAL ACTIVITIES	
Accounts	\$ 67,273
Local use tax	14,028
State income tax	129,429
Telecommunications tax	61,604
Places for eating tax	15,438
Court fines	7,487
Refuse on-site charges	50,188
	<hr/>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 345,447</u>

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

5. CAPITAL ASSETS

A. Capital asset activity for the Village for the year ended April 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 1,598,500	\$ -	\$ -	\$ 1,598,500
Total capital assets not being depreciated	1,598,500	-	-	1,598,500
Capital assets being depreciated				
Infrastructure	300,000	-	-	300,000
Buildings and improvements	3,862,500	-	-	3,862,500
Vehicles	787,941	22,302	-	810,243
Total capital assets being depreciated	4,950,441	22,302	-	4,972,743
Less accumulated depreciation for				
Infrastructure	30,000	10,000	-	40,000
Buildings and improvements	875,097	96,562	-	971,659
Vehicles	419,212	87,593	-	506,805
Total accumulated depreciation	1,324,309	194,155	-	1,518,464
Total capital assets being depreciated, net	3,626,132	(171,853)	-	3,454,279
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 5,224,632	\$ (171,853)	\$ -	\$ 5,052,779
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Construction in progress	-	1,038,800	-	1,038,800
Total capital assets not being depreciated	20,000	1,038,800	-	1,058,800
Capital assets being depreciated				
Water distribution system	16,286,511	-	-	16,286,511
Sewer distribution system	16,837,753	175,981	-	17,013,734
Vehicles	43,660	-	-	43,660
Total capital assets being depreciated	33,167,924	175,981	-	33,343,905
Less accumulated depreciation for				
Water distribution system	4,948,391	406,479	-	5,354,870
Sewer distribution system	5,244,566	445,860	-	5,690,426
Vehicles	29,978	8,731	-	38,709
Total accumulated depreciation	10,222,935	861,070	-	11,084,005
Total capital assets being depreciated, net	22,944,989	(685,089)	-	22,259,900
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	\$ 22,964,989	\$ 353,711	\$ -	\$ 23,318,700

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

5. CAPITAL ASSETS (Continued)

A. (Continued)

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

GOVERNMENTAL ACTIVITIES	
General government	\$ 84,875
Public safety	54,718
Public works	46,691
Culture and recreation	<u>7,871</u>
 TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	 <u>\$ 194,155</u>

B. Construction Contracts

The Village has entered into contracts for the construction or renovation of various facilities as follows:

	Project Authorizations	Expended to Date	Commitment
Pump station rehabilitation and reservoir expansion	\$ 2,073,141	\$ 892,436	\$ 1,180,705
 TOTAL	 <u>\$ 2,073,141</u>	 <u>\$ 892,436</u>	 <u>\$ 1,180,705</u>

6. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; 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.

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

6. RISK MANAGEMENT (Continued)

Each member assumes the first \$25,000 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.

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, 2010, for the current or prior claim years.

7. LONG-TERM DEBT

A. Installment Contracts Payable

The Village has outstanding installment contracts payable at April 30, 2010:

\$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%.

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

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

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

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

7. LONG-TERM DEBT (Continued)

A. Installment Contracts Payable (Continued)

Changes in installment contracts for the year ended April 30, 2010 are as follows:

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Current Portion
Series 2000 Certificates	General	\$ 1,190,000	\$ -	\$ 1,190,000	\$ -	\$ -
Series 2002 Certificates	General	180,000	-	19,000	161,000	20,000
Series 2006 Certificates	Land Acquisition and Recreation	535,000	-	20,000	515,000	20,000
2008 Installment Purchase Contract	General	26,977	-	5,860	21,117	6,149
2010 Refunding Certificates	General	-	1,055,000	-	1,055,000	200,000
2009 Installment Purchase Contract	General	-	30,000	2,419	27,581	9,555
TOTAL INSTALLMENT CONTRACTS PAYABLE		\$ 1,931,977	\$ 1,085,000	\$ 1,237,279	\$ 1,779,698	\$ 255,704

B. Notes Payable

Changes in notes payable for the year ended April 30, 2010 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	\$ 75,000	\$ -	\$ 75,000	\$ -	\$ -
TOTAL NOTES PAYABLE		\$ 75,000	\$ -	\$ 75,000	\$ -	\$ -

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

7. LONG-TERM DEBT (Continued)

C. Debt Service Requirements to Maturity

Fiscal Year Ending April 30,	Installment Contracts	
	Principal	Interest
2011	\$ 255,704	\$ 51,964
2012	267,603	49,085
2013	271,647	42,154
2014	264,744	35,486
2015	274,000	28,036
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
TOTAL	\$ 1,779,698	\$ 319,326

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	\$ 1,931,977	\$ 1,085,000	\$ 1,237,279	\$ 1,779,698	\$ 255,704
Notes payable	75,000	-	75,000	-	-
Less deferred items					
Premium on installment contracts	-	12,207	-	12,207	-
Loss on refunding	-	(12,991)	-	(12,991)	-
Compensated absences payable*	180,918	44,610	27,138	198,390	29,759
TOTAL GOVERNMENTAL LONG-TERM LIABILITIES	\$ 2,187,895	\$ 1,128,826	\$ 1,339,417	\$ 1,977,304	\$ 285,463

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

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

7. LONG-TERM DEBT (Continued)

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 \$86,064 at April 30, 2010. Special Assessment 96-1B has a remaining public benefit portion of \$234,848 at April 30, 2010. Debt service to maturity on these two obligations is as follows:

Fiscal Year Ending April 30,	Public Benefit Special Assessments	
	Principal	Interest
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
TOTAL	\$ 320,912	\$ 73,480

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.

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

7. LONG-TERM DEBT (Continued)

E. Proprietary Debt (Continued)

Debt service to maturity on these bonds is as follows:

Fiscal Year Ending April 30,	Alternate Revenue Bonds	
	Principal	Interest
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	3,057
TOTAL	\$ 660,000	\$ 146,662

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	\$ 358,622	\$ -	\$ 37,710	\$ 320,912	\$ 37,710
Alternate revenue bonds payable	715,000	-	55,000	660,000	55,000
Compensated absences payable	34,535	8,919	5,180	38,274	5,741
TOTAL BUSINESS-TYPE LONG-TERM LIABILITIES	\$ 1,108,157	\$ 8,919	\$ 97,890	\$ 1,019,186	\$ 98,451

F. Refunding

On January 25, 2010, the Village issued \$1,055,000 Refunding Debt Certificates, Series 2010, dated January 25, 2010, with principal maturing December 1, 2010 - 2014, ranging from \$200,000 to \$225,000, interest payable semiannually each June 1 and December 1, commencing June 1, 2010 at rates of 2.00% to 3.00%. \$1,032,991 of the proceeds of the certificates, including reoffering premium, have been deposited into an irrevocable trust to advance refund, through an in-substance defeasance, \$1,190,000 of the Series 2000 Debt Certificates. Through the refunding, the Village reduced its overall debt service by \$63,900 and had an economic gain of \$60,892.

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

7. LONG-TERM DEBT (Continued)

G. Special Assessment Bonds

Special assessment bonds outstanding as of April 30, 2010 totaled \$3,689,060. 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.

8. INTERFUND ACCOUNTS

Interfund transfers during the year ended April 30, 2010 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 71,276	\$ 103,022
Nonmajor Governmental		
Special Revenue - Motor Fuel Tax	49,900	11,276
Special Revenue - Police Forfeiture	-	60,000
Special Revenue - Business District Development	63,022	-
Special Revenue - Exaction Fee	-	62,918
Special Revenue - Land Acquisition and Recreation	41,918	-
Capital Projects - Capital Improvements	40,000	-
Capital Projects - 1/2% Sales Tax	-	28,900
	<u> </u>	<u> </u>
TOTAL	<u>\$ 266,116</u>	<u>\$ 266,116</u>

The purpose of the interfund transfer is as follows:

\$63,022 transferred to the Special Revenue - Business District Development 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.

\$60,000 transferred from the Special Revenue - Police Forfeiture Fund to the General Fund. This relates to purchases of police vehicles in the General Fund. The transfer will not be repaid.

\$21,000 and \$28,900 transferred from the Special Revenue - Exaction Fee Fund and Capital Projects - 1/2% Sales Tax Fund, respectively, to the Special Revenue - Motor Fuel Tax Fund. This relates to additional funding for street projects. The transfer will not be repaid.

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

8. INTERFUND ACCOUNTS (Continued)

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

\$41,918 transferred from the Special Revenue - Exaction Fee Fund to the Special Revenue - Land Acquisition and Recreation Fund. This relates to payment of debt service. The transfer will not be repaid.

\$11,276 transferred from the Special Revenue - Motor Fuel Tax Fund to the General Fund. The relates to equipment costs incurred in street projects. The transfer will not be repaid.

9. 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, 2007. 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, 2010, the Village has remitted a total of \$201,732 to the developer.

10. DEFINED BENEFIT PENSION PLANS

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF) and the Sheriff's Law Enforcement Personnel (SLEP), both are agent multiple-employer public employee retirement systems and the Police Pension Plan, which is a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for the three plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports on the pension plans. However, IMRF does issue a publicly available report for IMRF and SLEP 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.

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

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 rate for the year ended December 31, 2009 was 10.97% of covered payroll.

Sheriff's Law Enforcement Personnel

Sheriff's Law Enforcement Personnel (SLEP), having accumulated at least 30 years of SLEP service and terminating IMRF participation on or after January 1, 1988, may elect to retire at or after age 50 with no early retirement discount penalty. SLEP members meeting these two qualifications are entitled to an annual retirement benefit, payable monthly for life, in an amount generally equal to 2.50% of their final rate of earnings, for each year of credited service up to 20 years, 2.00% of their final earnings rate for the next 10 years of credited service and 1.00% for each year thereafter. For those SLEP members retiring with less than 20 years of SLEP service, the regular IMRF pension formula applies. SLEP also provides death and disability benefits. These benefit provisions and all other requirements are established by State statutes. SLEP members are required to contribute 7.50% of their annual salary to SLEP. The Village is required to contribute the remaining amounts necessary to fund the SLEP as specified by statute. The employer contribution rate for the year ended December 31, 2009 was 12.66% of covered payroll.

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

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, 2010, 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	3
Nonvested	5
	<hr/>
TOTAL	<u>9</u>

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 Police Pension Plan. The costs of administering the Police Pension Plan are financed through investment earnings. The Village is required to contribute the remaining amounts necessary to finance the Police Pension 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, 2010, the Village's contribution was 26.19% of covered payroll.

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

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 and SLEP is not available.

C. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Sheriff's Law Enforcement Personnel	Police Pension
Actuarial valuation date	December 31, 2007	December 31, 2007	April 30, 2009
Actuarial cost method	Entry-age Normal	Entry-age Normal	Entry-age Normal
Asset valuation method	5 Year Smoothed Market	5 Year Smoothed Market	Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	23 Years, Closed	28 Years, Closed	24 Years, Closed
Significant actuarial assumptions			
a) Rate of return on present and future assets	7.50% Compounded Annually	7.50% Compounded Annually	7.00% Compounded Annually
b) Projected salary increase - attributable to inflation	4.00% Compounded Annually	4.00% Compounded Annually	5.50% Compounded Annually
c) Additional projected salary increases - seniority/merit	.40% to 10.00%	.40% to 10.00%	Not Available

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

10. 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.

	Fiscal Year	Illinois Municipal Retirement	Sheriff's Law Enforcement Personnel	Police Pension
Annual pension cost (APC)	2008	\$ 105,601	\$ 12,029	\$ 163,954
	2009	122,594	14,277	189,132
	2010	171,541	13,807	151,591
Actual contribution	2008	105,601	12,029	202,122
	2009	122,594	14,277	189,366
	2010	171,541	13,807	147,537
Percentage of APC contributed	2008	100.00%	100.00%	123.28%
	2009	100.00%	100.00%	100.12%
	2010	100.00%	100.00%	97.32%
NPO (Asset)	2008	\$ -	\$ -	\$ (10,525)
	2009	-	-	(10,759)
	2010	-	-	(6,705)

The NPO has been calculated as follows as of April 30, 2010:

	<u>Police Pension</u>
Annual required contribution	\$ 151,812
Interest on net pension obligation	(753)
Adjustment to annual required contribution	<u>532</u>
Annual pension cost	151,591
Contributions made	<u>147,537</u>
Decrease in net pension obligation	4,054
Net pension obligation beginning of year	<u>(10,759)</u>
NET PENSION (ASSET) END OF YEAR	<u>\$ (6,705)</u>

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

D. Funded Status

The funded status of the plans as of April 30, 2010, based on actuarial valuations performed as of the same date for the police pension and as of December 31, 2009 for IMRF and SLEP, is as follows. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer APC of the plans as disclosed above:

	Illinois Municipal Retirement	Sheriff's Law Enforcement Personnel	Police Pension
Actuarial accrued liability (AAL)	\$ 3,356,107	\$ 241,010	\$ 2,829,426
Actuarial value of plan assets	2,023,261	207,550	1,383,325
Unfunded actuarial accrued liability (UAAL)	1,332,846	33,460	1,446,101
Funded ratio (actuarial value of plan assets/AAL)	60.29%	86.12%	48.89%
Covered payroll (active plan members)	\$ 1,454,919	\$ 101,104	\$ 563,427
UAAL as a percentage of covered payroll	91.61%	33.09%	256.66%

See the schedules of funding progress in the required supplementary information immediately following the notes to financial statements for additional information related to the funded status of the plans.

11. OTHER POSTEMPLOYMENT BENEFITS

The Village has evaluated its potential other postemployment benefits liability. The Village provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the Village are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Village's health insurance plan. Therefore, there has been 0% utilization and, therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the Village had no former employees for which the Village was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Village has not recorded any postemployment benefit liability as of April 30, 2010.

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

12. SUBSEQUENT EVENT

On May 25, 2010, the Village issued \$1,750,000 General Obligation (Alternate Revenue Source), Series 2010 to finance construction of an underground water reservoir. Principal payments of \$60,000 to \$360,000 are due serially each December 1, 2010, commencing December 1, 2010 through December 1, 2029. Interest is due semi-annually on June 1 and December 1, commencing December 1, 2010, with rates ranging from 2.50% to 4.30%.

13. 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 Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

1. Fund Accounting

The Library uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions 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.

All of the Library funds are classified as governmental funds.

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 Library 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.

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

13. 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 nonoperating.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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.

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

13. 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 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.

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

13. 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.

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. There are no significant investments in any one organization that represent 5.00% or more of its overall portfolio at April 30, 2010.

C. Receivables

Property taxes for the 2009 levy year attach as an enforceable lien on January 1, 2009, 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, 2010 and September 1, 2010, and are payable in two installments, on or about March 1, 2010 and October 1, 2010.

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

13. 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 2008 levy and the first half collections of 2009 are intended to finance the 2010 fiscal year. The remaining collections of the 2009 levy are not considered available for current operations and are, therefore, shown as deferred/unearned revenue. The 2010 tax levy has not been recorded as a receivable at April 30, 2010, as the tax attached as a lien on property as of January 1, 2010; however, the tax will not be levied until December 2010 and, accordingly, is not measurable at April 30, 2010.

D. Capital Assets

Capital asset activity for the Library for the year ended April 30, 2010 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	421,664	-	-	421,664
Total capital assets being depreciated	445,044	-	-	445,044
Less accumulated depreciation for				
Land improvements	12,469	779	-	13,248
Buildings and improvements	205,727	10,542	-	216,269
Total accumulated depreciation	218,196	11,321	-	229,517
Total capital assets being depreciated, net	226,848	(11,321)	-	215,527
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 237,548	\$ (11,321)	\$ -	\$ 226,227

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

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

13. 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	\$ 4,375	\$ 4,873	\$ 4,375	\$ 4,873	\$ 4,873
TOTAL GENERAL LONG-TERM DEBT	\$ 4,375	\$ 4,873	\$ 4,375	\$ 4,873	\$ 4,873

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, 2010
(With Comparative Actual)

	2010			Variance Over (Under)	2009 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Taxes					
Property tax	\$ 1,216,700	\$ 1,216,700	\$ 1,179,055	\$ (37,645)	\$ 1,053,410
State sales tax	735,000	735,000	634,006	(100,994)	690,060
State income tax	433,263	433,263	372,418	(60,845)	427,237
Utility tax	650,400	650,400	554,177	(96,223)	620,803
Other taxes	156,365	156,365	179,842	23,477	152,995
Licenses, permits and inspections	502,227	502,227	467,581	(34,646)	482,959
Intergovernmental	94,000	94,000	15,823	(78,177)	95,575
Charges for services	22,888	22,888	23,473	585	27,834
Fees by agreement	646,389	646,389	619,316	(27,073)	609,133
Fines and forfeits	152,300	152,300	63,144	(89,156)	85,288
Investment income	10,550	10,550	4,054	(6,496)	21,259
Miscellaneous	17,370	17,370	27,556	10,186	42,071
Total revenues	4,637,452	4,637,452	4,140,445	(497,007)	4,308,624
EXPENDITURES					
Current					
General government	885,360	658,082	736,570	78,488	712,090
Public safety	1,888,404	1,832,561	1,775,212	(57,349)	1,870,042
Public works	540,686	506,624	445,722	(60,902)	459,008
Building and public grounds	595,690	515,731	500,069	(15,662)	513,528
Culture and recreation	321,111	279,002	269,664	(9,338)	284,824
Solid waste	264,009	264,009	263,727	(282)	252,592
Capital outlay	-	1,000	855	(145)	54,267
Debt service					
Principal retirement	243,870	194,836	197,279	2,443	212,256
Interest charges and fees	75,223	75,812	75,223	(589)	84,049
Total expenditures	4,814,353	4,327,657	4,264,321	(63,336)	4,442,656
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	(176,901)	309,795	(123,876)	(433,671)	(134,032)
OTHER FINANCING SOURCES (USES)					
Transfers in	92,650	92,650	71,276	(21,374)	13,700
Transfers (out)	(90,000)	(90,000)	(103,022)	(13,022)	(110,872)
Issuance of installment contracts	-	-	1,085,000	1,085,000	31,316
Premium on installment contracts	-	-	12,207	12,207	-
Payment to escrow agent	-	-	(1,032,991)	(1,032,991)	-
Proceeds from sale of assets	15,000	15,000	1,259	(13,741)	7,862
Total other financing sources (uses)	17,650	17,650	33,729	16,079	(57,994)
NET CHANGE IN FUND BALANCE	\$ (159,251)	\$ 327,445	(90,147)	\$ (417,592)	(192,026)
FUND BALANCE, MAY 1			1,071,223		1,263,249
FUND BALANCE, APRIL 30			\$ 981,076		\$ 1,071,223

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2010

A. Budgets

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

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

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 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, 2010.

Fund	Original and Final Budget	Expenditures
Police Forfeiture	\$ 32,000	\$ 36,363
Fine Arts	1,800	31,952
Capital Improvements	-	20,496

VILLAGE OF PALOS PARK, ILLINOIS

**SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND**

April 30, 2010

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)
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%
2007	2,234,081	2,763,079	80.85%	528,998	1,209,639	43.73%
2008	1,861,482	3,008,367	61.88%	1,146,885	1,414,001	81.11%
2009	2,023,261	3,356,107	60.29%	1,332,846	1,454,919	91.61%

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

**SCHEDULE OF FUNDING PROGRESS
SHERIFF'S LAW ENFORCEMENT PERSONNEL**

April 30, 2010

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued 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)
2007	\$ 159,982	\$ 164,295	97.37%	\$ 4,313	\$ 91,754	4.70%
2008	186,793	204,017	91.56%	17,224	96,726	17.81%
2009	207,550	241,010	86.12%	33,460	101,104	33.09%

Note: The Village's participation in the Sheriff's Law Enforcement Personnel plan began during the year ended April 30, 2008. Information for prior years is not applicable.

VILLAGE OF PALOS PARK, ILLINOIS

**SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND**

April 30, 2010

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial 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)
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%
2008	951,601	2,395,755	39.72%	1,444,154	588,522	245.39%
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	1,383,325	2,829,426	48.89%	1,446,101	563,427	256.66%

NOTE:

No actuarial valuation was performed at April 30, 2009.

VILLAGE OF PALOS PARK, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

April 30, 2010

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2005	\$ 67,943	\$ 67,943	100.00%
2006	83,316	83,316	100.00%
2007	93,291	93,291	100.00%
2008	105,601	105,601	100.00%
2009	122,594	122,594	100.00%
2010	171,541	171,541	100.00%

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
SHERIFF'S LAW ENFORCEMENT PERSONNEL**

April 30, 2010

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2008	\$ 12,029	\$ 12,029	100.00%
2009	14,277	14,277	100.00%
2010	13,807	13,807	100.00%

Note: The Village's participation in the Sheriff's Law Enforcement Personnel plan began during the year ended April 30, 2008. Information for prior years is not applicable.

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

April 30, 2010

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation (Asset)</u>
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
2008	202,122	163,251	123.81%	(10,525)
2009	189,366	189,366	100.00%	(10,759)
2010	147,537	151,812	97.18%	(6,705)

(See independent auditor's report.)

MAJOR GOVERNMENTAL FUNDS

VILLAGE OF PALOS PARK, ILLINOIS

**BALANCE SHEET
GENERAL FUND**

April 30, 2010
(With Comparative Actual)

	2010	2009
ASSETS		
Cash and cash equivalents	\$ 491,767	\$ 801,238
Investments	228,451	224,932
Receivables		
Property taxes	619,017	614,973
State sales tax	146,630	156,540
Other intergovernmental	212,549	196,877
Accounts, net of allowance for uncollectible receivables	132,898	144,444
Due from component unit	10,758	-
Prepaid items	58,168	53,247
	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,900,238	\$ 2,192,251
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 253,718	\$ 396,140
Deposits payable	8,416	5,149
Wages payable	38,011	104,766
Deferred revenue	619,017	614,973
	<hr/>	<hr/>
Total liabilities	919,162	1,121,028
	<hr/>	<hr/>
FUND BALANCE		
Reserved for prepaid items	58,168	53,247
Unreserved		
Undesignated	922,908	1,017,976
	<hr/>	<hr/>
Total fund balance	981,076	1,071,223
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,900,238	\$ 2,192,251
	<hr/> <hr/>	<hr/> <hr/>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2010
(With Comparative Actual)

	2010		Variance Over (Under)	2009 Actual
	Final Budget	Actual		
EXPENDITURES				
Current				
General government				
Administration				
Wages	\$ 255,584	\$ 264,627	\$ 9,043	\$ 243,085
Benefits	63,250	68,705	5,455	58,562
Insurance	37,760	22,519	(15,241)	12,364
Legal fees	40,000	75,756	35,756	48,144
Consultants, engineers and planners	-	4,305	4,305	47,953
Other contractual services	39,225	41,222	1,997	49,439
Commodities	56,922	66,539	9,617	67,818
Total administration	492,741	543,673	50,932	527,365
Public affairs				
Insurance	1,100	1,008	(92)	997
Legal fees	1,000	261	(739)	-
Consultants, engineers and planners	4,944	4,944	-	5,559
Other contractual services	15,541	12,791	(2,750)	27,955
Commodities	3,400	2,961	(439)	5,907
Total public affairs	25,985	21,965	(4,020)	40,418
Finance				
Wages	131,341	135,485	4,144	137,023
Benefits	47,295	37,343	(9,952)	36,539
Insurance	4,620	4,233	(387)	4,189
Legal fees	10,000	4,633	(5,367)	7,010
Other contractual services	37,200	68,550	31,350	51,277
Commodities	4,600	3,094	(1,506)	3,349
Total finance	235,056	253,338	18,282	239,387
Other				
Legal fees	-	38	38	666
Other contractual services	22,000	35,256	13,256	4,254
Total other	22,000	35,294	13,294	4,920
Total general government	775,782	854,270	78,488	812,090
Less administrative charges	(117,700)	(117,700)	-	(100,000)
Net general government	658,082	736,570	78,488	712,090

(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, 2010
(With Comparative Actual)

	2010		Variance Over (Under)	2009 Actual
	Final Budget	Actual		
EXPENDITURES (Continued)				
Current (Continued)				
Public safety				
Wages	\$ 1,092,544	\$ 1,073,978	\$ (18,566)	\$ 1,098,748
Benefits	385,616	352,472	(33,144)	409,053
Insurance	40,700	40,990	290	36,906
Legal fees	20,000	22,464	2,464	20,324
Other contractual services	143,100	148,495	5,395	159,990
Commodities	150,601	136,813	(13,788)	145,021
Total public safety	1,832,561	1,775,212	(57,349)	1,870,042
Public works				
Wages	243,799	226,656	(17,143)	205,452
Benefits	103,957	97,132	(6,825)	98,876
Insurance	8,580	9,372	792	8,009
Legal fees	10,000	2,894	(7,106)	14,588
Consultants, engineers and planners	3,000	358	(2,642)	7,422
Other contractual services	70,300	60,801	(9,499)	77,278
Commodities	66,988	48,509	(18,479)	47,383
Total public works	506,624	445,722	(60,902)	459,008
Building and public grounds				
Building				
Wages	206,004	206,506	502	207,648
Benefits	80,992	76,030	(4,962)	75,166
Insurance	7,150	6,550	(600)	6,484
Legal fees	20,000	13,697	(6,303)	20,215
Consultants, engineers and planners	55,765	48,074	(7,691)	71,123
Other contractual services	22,301	24,595	2,294	19,454
Commodities	7,530	5,152	(2,378)	7,500
Total building	399,742	380,604	(19,138)	407,590
Public grounds				
Insurance	4,070	3,729	(341)	3,690
Legal fees	-	-	-	1,000
Consultants, engineers and planners	-	-	-	1,947
Other contractual services	91,644	95,253	3,609	88,221
Commodities	20,275	20,483	208	11,080
Total public grounds	115,989	119,465	3,476	105,938
Total building and public grounds	515,731	500,069	(15,662)	513,528

(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, 2010
(With Comparative Actual)

	2010		Variance Over (Under)	2009 Actual
	Final Budget	Actual		
EXPENDITURES (Continued)				
Current (Continued)				
Culture and recreation				
Recreation				
Wages	\$ 130,405	\$ 129,224	\$ (1,181)	\$ 129,022
Benefits	40,177	36,693	(3,484)	34,192
Insurance	10,230	9,372	(858)	9,276
Legal fees	150	38	(112)	115
Consultants, engineers and planners	250	-	(250)	77
Other contractual services	65,275	61,905	(3,370)	75,650
Commodities	32,400	32,315	(85)	36,882
Total recreation	278,887	269,547	(9,340)	285,214
Festivals				
Advertising	-	-	-	(142)
Equipment	115	117	2	(248)
Total festivals	115	117	2	(390)
Total culture and recreation	279,002	269,664	(9,338)	284,824
Solid waste				
Other contractual services	264,009	263,727	(282)	252,592
Total solid waste	264,009	263,727	(282)	252,592
Capital outlay				
Administration	1,000	855	(145)	1,484
Police	-	-	-	1,978
Public works	-	-	-	46,146
Other	-	-	-	4,659
Total capital outlay	1,000	855	(145)	54,267
Debt service				
Principal retirement				
Administration	194,836	197,279	2,443	212,256
Interest charges and fees				
Administration	75,812	75,223	(589)	84,049
Total debt service	270,648	272,502	1,854	296,305
TOTAL EXPENDITURES	\$ 4,327,657	\$ 4,264,321	\$ (63,336)	\$ 4,442,656

(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 but was paid off early in 2010. 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 **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, 2010

	Special Revenue	Capital Projects	Total
ASSETS			
Cash and investments	\$ 382,062	\$ 458,532	\$ 840,594
Receivables			
Sales tax	-	34,539	34,539
Motor fuel tax allotments	10,171	-	10,171
TOTAL ASSETS	\$ 392,233	\$ 493,071	\$ 885,304
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 1,145	\$ 1,145
Deferred revenue	106,718	-	106,718
Total liabilities	106,718	1,145	107,863
FUND BALANCES			
Reserved for public safety	9,870	-	9,870
Reserved for public works	141,614	-	141,614
Reserved for culture and recreation	43,888	-	43,888
Unreserved			
Special Revenue	90,143	-	90,143
Capital Projects	-	491,926	491,926
Total fund balances	285,515	491,926	777,441
TOTAL LIABILITIES AND FUND BALANCES	\$ 392,233	\$ 493,071	\$ 885,304

(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, 2010

	Special Revenue	Capital Projects	Total
REVENUES			
Taxes	\$ -	\$ 151,856	\$ 151,856
Intergovernmental	123,514	8,395	131,909
Charges for services	26,932	-	26,932
Fines and forfeits	91,066	-	91,066
Investment income	693	656	1,349
Miscellaneous	7,478	-	7,478
Total revenues	249,683	160,907	410,590
EXPENDITURES			
Current			
Public safety	14,061	-	14,061
Public works	88,121	-	88,121
Building and public grounds	-	93,929	93,929
Culture and recreation	31,952	-	31,952
Debt service			
Principal	85,000	-	85,000
Interest	21,918	-	21,918
Capital outlay	22,302	-	22,302
Total expenditures	263,354	93,929	357,283
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(13,671)	66,978	53,307
OTHER FINANCING SOURCES (USES)			
Transfers in	154,840	40,000	194,840
Transfers (out)	(134,194)	(28,900)	(163,094)
Total other financing sources (uses)	20,646	11,100	31,746
NET CHANGE IN FUND BALANCES	6,975	78,078	85,053
FUND BALANCES, MAY 1	278,540	413,848	692,388
FUND BALANCES, APRIL 30	\$ 285,515	\$ 491,926	\$ 777,441

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

April 30, 2010

	Motor Fuel Tax	Police Forfeiture	Business District Development
ASSETS			
Cash and investments	\$ 131,443	\$ 116,588	\$ -
Motor fuel tax allotments receivable	10,171	-	-
TOTAL ASSETS	\$ 141,614	\$ 116,588	\$ -
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Deferred revenue	-	106,718	-
Total liabilities	-	106,718	-
FUND BALANCES			
Reserved for public safety	-	9,870	-
Reserved for public works	141,614	-	-
Reserved for culture and recreation	-	-	-
Unreserved			
Undesignated	-	-	-
Total fund balances	141,614	9,870	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 141,614	\$ 116,588	\$ -

Exaction Fee	Fine Arts	Land Acquisition and Recreation	Total
\$ 46,523	\$ 43,888	\$ 43,620	\$ 382,062
-	-	-	10,171
\$ 46,523	\$ 43,888	\$ 43,620	\$ 392,233
\$ -	\$ -	\$ -	\$ -
-	-	-	106,718
-	-	-	106,718
-	-	-	9,870
-	-	-	141,614
-	43,888	-	43,888
46,523	-	43,620	90,143
46,523	43,888	43,620	285,515
\$ 46,523	\$ 43,888	\$ 43,620	\$ 392,233

(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, 2010

	Motor Fuel Tax	Police Forfeiture	Business District Development
REVENUES			
Intergovernmental			
Motor fuel tax allotments	\$ 118,337	\$ -	\$ -
Grant income	-	-	-
Charges for services			
Exaction fees	-	-	-
Event fees	-	-	-
Fines and forfeits	-	91,066	-
Investment income	130	297	6
Miscellaneous income			
Donations	-	5,000	-
Total revenues	<u>118,467</u>	<u>96,363</u>	<u>6</u>
EXPENDITURES			
Current			
Public safety	-	14,061	-
Public works	88,121	-	-
Culture and recreation	-	-	-
Debt service			
Principal	-	-	65,000
Interest	-	-	-
Capital outlay	-	22,302	-
Total expenditures	<u>88,121</u>	<u>36,363</u>	<u>65,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>30,346</u>	<u>60,000</u>	<u>(64,994)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	49,900	-	63,022
Transfers (out)	(11,276)	(60,000)	-
Total other financing sources (uses)	<u>38,624</u>	<u>(60,000)</u>	<u>63,022</u>
NET CHANGE IN FUND BALANCES	68,970	-	(1,972)
FUND BALANCES, MAY 1	<u>72,644</u>	<u>9,870</u>	<u>1,972</u>
FUND BALANCES, APRIL 30	<u>\$ 141,614</u>	<u>\$ 9,870</u>	<u>\$ -</u>

Exaction Fee	Fine Arts	Land Acquisition and Recreation	Total
\$ -	\$ -	\$ -	\$ 118,337
-	5,177	-	5,177
4,126	-	-	4,126
-	22,806	-	22,806
-	-	-	91,066
150	74	36	693
-	2,478	-	7,478
4,276	30,535	36	249,683
-	-	-	14,061
-	-	-	88,121
-	31,952	-	31,952
-	-	20,000	85,000
-	-	21,918	21,918
-	-	-	22,302
-	31,952	41,918	263,354
4,276	(1,417)	(41,882)	(13,671)
-	-	41,918	154,840
(62,918)	-	-	(134,194)
(62,918)	-	41,918	20,646
(58,642)	(1,417)	36	6,975
105,165	45,305	43,584	278,540
\$ 46,523	\$ 43,888	\$ 43,620	\$ 285,515

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

**BALANCE SHEET
MOTOR FUEL TAX FUND**

April 30, 2010
(With Comparative Actual)

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and investments	\$ 131,443	\$ 65,250
Motor fuel tax allotments receivable	10,171	9,364
	<hr/>	<hr/>
TOTAL ASSETS	\$ 141,614	\$ 74,614
	<hr/>	<hr/>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ -	\$ 1,970
	<hr/>	<hr/>
Total liabilities	-	1,970
	<hr/>	<hr/>
FUND BALANCE		
Reserved for public works	141,614	72,644
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 141,614	\$ 74,614
	<hr/>	<hr/>

(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, 2010
(With Comparative Actual)

	2010		Variance Over (Under)	2009 Actual
	Final Budget	Actual		
REVENUES				
Motor fuel taxes	\$ 123,320	\$ 118,337	\$ (4,983)	\$ 122,361
Investment income	600	130	(470)	754
Total revenues	123,920	118,467	(5,453)	123,115
EXPENDITURES				
Current				
Public works				
Personnel	-	-	-	69,363
Supplies	118,000	75,369	(42,631)	25,054
Contractual services	5,000	12,752	7,752	-
Capital outlay	50,820	-	(50,820)	22,773
Total expenditures	173,820	88,121	(85,699)	117,190
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(49,900)	30,346	80,246	5,925
OTHER FINANCING SOURCES (USES)				
Transfers in	49,900	49,900	-	-
Transfers (out)	-	(11,276)	(11,276)	-
Total other financing sources (uses)	49,900	38,624	(11,276)	-
NET CHANGE IN FUND BALANCE	\$ -	68,970	\$ 68,970	5,925
FUND BALANCE, MAY 1		72,644		66,719
FUND BALANCE, APRIL 30		\$ 141,614		\$ 72,644

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

**BALANCE SHEET
POLICE FORFEITURE FUND**

April 30, 2010
(With Comparative Actual)

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and investments	\$ 116,588	\$ 75,277
TOTAL ASSETS	\$ 116,588	\$ 75,277
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Deferred revenue	106,718	65,407
Total liabilities	106,718	65,407
FUND BALANCE		
Reserved for public safety	9,870	9,870
Total fund balance	9,870	9,870
TOTAL LIABILITIES AND FUND BALANCE	\$ 116,588	\$ 75,277

(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, 2010
(With Comparative Actual)

	2010		Variance Over (Under)	2009 Actual
	Final Budget	Actual		
REVENUES				
Fines and forfeits	\$ 50,000	\$ 91,066	\$ 41,066	\$ 25,614
Investment income	100	297	197	292
Miscellaneous income				
Donations	-	5,000	5,000	5,000
Total revenues	50,100	96,363	46,263	30,906
EXPENDITURES				
Current				
Police				
Supplies	3,000	12,232	9,232	1,210
Contractual services	4,000	1,829	(2,171)	2,367
Capital outlay	25,000	22,302	(2,698)	29,307
Total expenditures	32,000	36,363	4,363	32,884
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	18,100	60,000	41,900	(1,978)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	13,872
Transfers (out)	(60,000)	(60,000)	-	(13,700)
Total other financing sources (uses)	(60,000)	(60,000)	-	172
NET CHANGE IN FUND BALANCE				
	\$ (41,900)	-	\$ 41,900	(1,806)
FUND BALANCE, MAY 1				
		9,870		11,676
FUND BALANCE, APRIL 30				
	\$	9,870	\$	9,870

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

**BALANCE SHEET
BUSINESS DISTRICT DEVELOPMENT FUND**

April 30, 2010
(With Comparative Actual)

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and investments	\$ -	\$ 1,972
LIABILITIES AND FUND BALANCE		
LIABILITIES		
None	\$ -	\$ -
FUND BALANCE		
Unreserved	-	1,972
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ 1,972</u>

(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, 2010
(With Comparative Actual)

	2010		Variance Over (Under)	2009 Actual
	Final Budget	Actual		
REVENUES				
Investment income	\$ -	\$ 6	\$ 6	\$ 236
EXPENDITURES				
Debt service				
Principal	65,000	65,000	-	50,000
Total expenditures	65,000	65,000	-	50,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(65,000)	(64,994)	6	(49,764)
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	63,022	13,022	57,000
NET CHANGE IN FUND BALANCE	<u>\$ (15,000)</u>	<u>(1,972)</u>	<u>\$ 13,028</u>	7,236
FUND BALANCE (DEFICIT), MAY 1		<u>1,972</u>		<u>(5,264)</u>
FUND BALANCE, APRIL 30		<u>\$ -</u>		<u>\$ 1,972</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

**BALANCE SHEET
EXACTION FEE FUND**

April 30, 2010
(With Comparative Actual)

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and investments	\$ 46,523	\$ 105,165
LIABILITIES AND FUND BALANCE		
LIABILITIES		
None	\$ -	\$ -
FUND BALANCE		
Unreserved	46,523	105,165
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 46,523</u>	<u>\$ 105,165</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, 2010
(With Comparative Actual)

	2010		Variance Over (Under)	2009 Actual
	Final Budget	Actual		
REVENUES				
Charges for services				
Exaction fees	\$ 28,882	\$ 4,126	\$ (24,756)	\$ 24,757
Investment income	800	150	(650)	1,617
Total revenues	<u>29,682</u>	<u>4,276</u>	<u>(25,406)</u>	<u>26,374</u>
EXPENDITURES				
Capital outlay	-	-	-	12,119
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,119</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	29,682	4,276	(25,406)	14,255
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(95,568)	(62,918)	32,650	(7,500)
NET CHANGE IN FUND BALANCE	<u>\$ (65,886)</u>	<u>(58,642)</u>	<u>\$ 7,244</u>	<u>6,755</u>
FUND BALANCE, MAY 1		<u>105,165</u>		<u>98,410</u>
FUND BALANCE, APRIL 30		<u>\$ 46,523</u>		<u>\$ 105,165</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

**BALANCE SHEET
FINE ARTS FUND**

April 30, 2010
(With Comparative Actual)

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and investments	\$ 43,888	\$ 45,305
	<u>43,888</u>	<u>45,305</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
None	\$ -	\$ -
FUND BALANCE		
Reserved for culture and recreation	43,888	45,305
	<u>43,888</u>	<u>45,305</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 43,888</u>	<u>\$ 45,305</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, 2010
(With Comparative Actual)

	2010		Variance Over (Under)	2009 Actual
	Final Budget	Actual		
REVENUES				
Intergovernmental				
Grant income	\$ -	\$ 5,177	\$ 5,177	\$ -
Charges for services				
Event fees	-	22,806	22,806	26,937
Investment income	-	74	74	16
Miscellaneous	-	2,478	2,478	-
Total revenues	-	30,535	30,535	26,953
EXPENDITURES				
Current				
Culture and recreation				
Contractual services	1,800	31,952	30,152	24,301
NET CHANGE IN FUND BALANCE	<u>\$ (1,800)</u>	<u>(1,417)</u>	<u>\$ 383</u>	2,652
FUND BALANCE, MAY 1		<u>45,305</u>		<u>42,653</u>
FUND BALANCE, APRIL 30		<u>\$ 43,888</u>		<u>\$ 45,305</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

**BALANCE SHEET
LAND ACQUISITION AND RECREATION FUND**

April 30, 2010
(With Comparative Actual)

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and investments	\$ 43,620	\$ 43,584
LIABILITIES AND FUND BALANCE		
LIABILITIES		
None	\$ -	\$ -
FUND BALANCE		
Unreserved	<u>43,620</u>	<u>43,584</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 43,620</u>	<u>\$ 43,584</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, 2010
(With Comparative Actual)

	2010		Variance Over (Under)	2009 Actual
	Final Budget	Actual		
REVENUES				
Investment income	\$ -	\$ 36	\$ 36	\$ 324
Total revenues	-	36	36	324
EXPENDITURES				
Debt service				
Principal	20,000	20,000	-	20,000
Interest and fiscal charges	21,918	21,918	-	22,644
Total expenditures	41,918	41,918	-	42,644
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(41,918)	(41,882)	36	(42,320)
OTHER FINANCING SOURCES (USES)				
Transfers in	41,918	41,918	-	7,500
Proceeds from sale of assets	-	-	-	35,000
Total other financing sources (uses)	41,918	41,918	-	42,500
NET CHANGE IN FUND BALANCE	\$ -	36	\$ 36	180
FUND BALANCE, MAY 1		43,584		43,404
FUND BALANCE, APRIL 30		\$ 43,620		\$ 43,584

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

April 30, 2010

	Capital Improvements	1/2% Sales Tax	Total
ASSETS			
Cash and investments	\$ 271,290	\$ 187,242	\$ 458,532
Receivables			
Sales tax	-	34,539	34,539
	<hr/>		
TOTAL ASSETS	\$ 271,290	\$ 221,781	\$ 493,071
	<hr/> <hr/>		
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 1,145	\$ 1,145
FUND BALANCES			
Unreserved			
Undesignated	271,290	220,636	491,926
	<hr/>		
TOTAL LIABILITIES AND FUND BALANCES	\$ 271,290	\$ 221,781	\$ 493,071
	<hr/> <hr/>		

(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, 2010

	Capital Improvements	1/2% Sales Tax	Total
REVENUES			
Taxes	\$ -	\$ 151,856	\$ 151,856
Intergovernmental	-	8,395	8,395
Investment income	404	252	656
Total revenues	404	160,503	160,907
EXPENDITURES			
Current			
Building and public grounds	20,496	73,433	93,929
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(20,092)	87,070	66,978
OTHER FINANCING SOURCES (USES)			
Transfers in	40,000	-	40,000
Transfers (out)	-	(28,900)	(28,900)
Total other financing sources (uses)	40,000	(28,900)	11,100
NET CHANGE IN FUND BALANCES	19,908	58,170	78,078
FUND BALANCES, MAY 1	251,382	162,466	413,848
FUND BALANCES, APRIL 30	\$ 271,290	\$ 220,636	\$ 491,926

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

**BALANCE SHEET
CAPITAL IMPROVEMENTS FUND**

April 30, 2010
(With Comparative Actual)

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and investments	\$ 271,290	\$ 251,382
TOTAL ASSETS	<u>\$ 271,290</u>	<u>\$ 251,382</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
None	\$ -	\$ -
FUND BALANCE		
Unreserved	<u>271,290</u>	<u>251,382</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 271,290</u>	<u>\$ 251,382</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, 2010
(With Comparative Actual)

	2010		Variance Over (Under)	2009 Actual
	Final Budget	Actual		
REVENUES				
Investment income	\$ 1,200	\$ 404	\$ (796)	\$ 3,005
Total revenues	1,200	404	(796)	3,005
EXPENDITURES				
Current				
Building and public grounds				
Contractual services	-	20,496	20,496	-
Total expenditures	-	20,496	20,496	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,200	(20,092)	(21,292)	3,005
OTHER FINANCING SOURCES (USES)				
Transfers in	40,000	40,000	-	40,000
NET CHANGE IN FUND BALANCE	\$ 41,200	19,908	\$ (21,292)	43,005
FUND BALANCE, MAY 1		251,382		208,377
FUND BALANCE, APRIL 30		\$ 271,290		\$ 251,382

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

**BALANCE SHEET
1/2% SALES TAX FUND**

April 30, 2010
(With Comparative Actual)

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and investments	\$ 187,242	\$ 129,443
Receivables		
Sales tax	34,539	36,384
	<hr/>	
TOTAL ASSETS	\$ 221,781	\$ 165,827
	<hr/> <hr/>	
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 1,145	\$ 3,361
FUND BALANCES		
Unreserved		
Undesignated	220,636	162,466
	<hr/>	
TOTAL LIABILITIES AND FUND BALANCES	\$ 221,781	\$ 165,827
	<hr/> <hr/>	

(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, 2010
(With Comparative Actual)

	2010		Variance Over (Under)	2009 Actual
	Final Budget	Actual		
REVENUES				
Taxes				
Sales tax	\$ 183,000	\$ 151,856	\$ (31,144)	\$ 168,787
Intergovernmental	15,600	8,395	(7,205)	-
Investment income	1,600	252	(1,348)	3,139
Total revenues	200,200	160,503	(39,697)	171,926
EXPENDITURES				
Current				
Building and public grounds				
Contractual services	36,000	22,647	(13,353)	11,151
Supplies	33,000	13,968	(19,032)	-
Capital outlay	102,300	36,818	(65,482)	254,692
Total expenditures	171,300	73,433	(97,867)	265,843
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	28,900	87,070	58,170	(93,917)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(28,900)	(28,900)	-	-
NET CHANGE IN FUND BALANCE	\$ -	58,170	\$ 58,170	(93,917)
FUND BALANCE, MAY 1		162,466		256,383
FUND BALANCE, APRIL 30		\$ 220,636		\$ 162,466

(See independent auditor's report.)

PROPRIETARY FUNDS

MAJOR ENTERPRISE FUNDS

VILLAGE OF PALOS PARK, ILLINOIS

STATEMENT OF NET ASSETS
WATER FUND

April 30, 2010
(With Comparative Actual)

	2010	2009
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,050,691	\$ 969,027
Investments	97,908	96,400
Accounts receivable, net of allowance for uncollectible accounts	177,084	147,766
Prepaid expenses	6,605	6,047
	1,332,288	1,219,240
CAPITAL ASSETS		
Capital assets, not being depreciated	1,058,800	20,000
Capital assets, being depreciated, cost	16,330,171	16,330,171
Less accumulated depreciation	(5,393,579)	(4,978,369)
	11,995,392	11,371,802
Net capital assets	11,995,392	11,371,802
Total assets	13,327,680	12,591,042
CURRENT LIABILITIES		
Accounts payable	883,649	36,357
Wages payable	3,891	13,725
Accrued interest	4,568	4,883
Compensated absences payable	3,448	3,263
General obligation bonds payable	24,400	24,400
Special assessment bond payable	37,710	37,710
	957,666	120,338
Total current liabilities	957,666	120,338
LONG-TERM LIABILITIES		
Compensated absences payable	19,538	18,490
General obligation bonds payable	270,256	294,656
Special assessment bond payable	283,202	320,912
	572,996	634,058
Total long-term liabilities	572,996	634,058
Total liabilities	1,530,662	754,396
NET ASSETS		
Invested in capital assets, net of related debt	11,379,824	10,694,124
Unrestricted	417,194	1,142,522
	11,797,018	11,836,646
TOTAL NET ASSETS	\$ 11,797,018	\$ 11,836,646

(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, 2010
(With Comparative Actual)

	2010		Variance Over (Under)	2009 Actual
	Budget	Actual		
OPERATING REVENUES				
Charges for services	\$ 1,441,545	\$ 1,431,025	\$ (10,520)	\$ 1,020,790
Sale of water meters	8,000	3,186	(4,814)	8,436
Other income	20,300	31,056	10,756	29,184
Total operating revenues	1,469,845	1,465,267	(4,578)	1,058,410
OPERATING EXPENSES				
Personnel	369,678	351,400	(18,278)	200,651
Commodities	31,100	18,671	(12,429)	20,332
Water purchases	427,481	345,016	(82,465)	330,253
Services	447,148	384,225	(62,923)	450,541
Capital outlay	2,432,500	1,038,800	(1,393,700)	37,744
Total operating expenses	3,707,907	2,138,112	(1,569,795)	1,039,521
OPERATING INCOME (LOSS)	(2,238,062)	(672,845)	1,565,217	18,889
NONOPERATING REVENUES (EXPENSES)				
Investment income	13,200	3,157	(10,043)	20,560
Rental income	32,333	32,835	502	28,745
Tap-on fees	30,803	2,803	(28,000)	27,682
Sale of capital assets	-	-	-	558
Debt principal payment	(62,110)	(62,110)	-	(59,710)
Interest expense	(78,259)	(29,168)	49,091	(28,414)
Total nonoperating revenues (expenses)	(64,033)	(52,483)	11,550	(10,579)
NET INCOME BUDGETARY BASIS	\$ (2,302,095)	(725,328)	\$ 1,576,767	8,310

(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, 2010
(With Comparative Actual)

	2010 <u>Actual</u>	2009 <u>Actual</u>
ADJUSTMENTS TO GAAP BASIS		
Debt principal payment	\$ 62,110	\$ 59,710
Capitalized assets	1,038,800	8,249
Depreciation	<u>(415,210)</u>	<u>(415,210)</u>
Total adjustments to GAAP basis	<u>685,700</u>	<u>(347,251)</u>
NET INCOME (LOSS) - GAAP BASIS	(39,628)	(338,941)
NET ASSETS, MAY 1	<u>11,836,646</u>	<u>12,175,587</u>
NET ASSETS, APRIL 30	<u><u>\$ 11,797,018</u></u>	<u><u>\$ 11,836,646</u></u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

STATEMENT OF NET ASSETS
SEWER MAINTENANCE FUND

April 30, 2010
(With Comparative Actual)

	2010	2009
CURRENT ASSETS		
Cash and cash equivalents	\$ 359,783	\$ 453,473
Accounts receivable, net of allowance for uncollectible accounts	51,069	38,923
Prepaid expenses	5,860	5,362
Total current assets	416,712	497,758
CAPITAL ASSETS		
Capital assets, being depreciated, cost	17,013,734	16,837,753
Less accumulated depreciation	(5,690,426)	(5,244,566)
Net capital assets	11,323,308	11,593,187
Total assets	11,740,020	12,090,945
CURRENT LIABILITIES		
Accounts payable	24,460	8,688
Accrued interest	5,838	6,249
Wages payable	2,122	4,061
Compensated absences payable	2,293	1,917
General obligation bonds payable	30,600	30,600
Total current liabilities	65,313	51,515
LONG-TERM LIABILITIES		
Compensated absences payable	12,995	10,865
General obligation bonds payable	334,744	365,344
Total long-term liabilities	347,739	376,209
Total liabilities	413,052	427,724
NET ASSETS		
Invested in capital assets, net of related debt	10,957,964	11,197,243
Unrestricted	369,004	465,978
TOTAL NET ASSETS	\$ 11,326,968	\$ 11,663,221

(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, 2010
(With Comparative Actual)

	2010		Variance Over (Under)	2009 Actual
	Budget	Actual		
OPERATING REVENUES				
Charges for services	\$ 473,466	\$ 462,529	\$ (10,937)	\$ 238,732
Other income	2,706	2,509	(197)	2,339
Total operating revenues	476,172	465,038	(11,134)	241,071
OPERATING EXPENSES				
Personnel	167,659	131,624	(36,035)	188,754
Commodities	31,600	20,813	(10,787)	28,121
Services	338,120	224,643	(113,477)	159,721
Capital outlay	230,000	176,336	(53,664)	77,009
Total operating expenses	767,379	553,416	(213,963)	453,605
OPERATING INCOME (LOSS)	(291,207)	(88,378)	202,829	(212,534)
NONOPERATING REVENUES (EXPENSES)				
Investment income	8,500	694	(7,806)	8,481
Tap-on fees	38,773	35,707	(3,066)	75,287
Sale of capital assets	2,000	-	(2,000)	3,956
Debt principal payment	(30,600)	(30,600)	-	(33,000)
Interest expense	(14,808)	(14,397)	411	(15,357)
Total nonoperating revenues (expenses)	3,865	(8,596)	(12,461)	39,367
NET INCOME (LOSS) BEFORE TRANSFERS	(287,342)	(96,974)	190,368	(173,167)
TRANSFERS IN	8,000	-	(8,000)	-
NET INCOME (LOSS) - BUDGETARY BASIS	\$ (279,342)	(96,974)	\$ 182,368	(173,167)

(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, 2010
(With Comparative Actual)

	2010 <u>Actual</u>	2009 <u>Actual</u>
ADJUSTMENTS TO GAAP BASIS		
Debt principal payment	\$ 30,600	\$ 33,000
Capitalized assets	175,981	49,969
Depreciation	<u>(445,860)</u>	<u>(430,465)</u>
Total adjustments to GAAP basis	<u>(239,279)</u>	<u>(347,496)</u>
NET INCOME (LOSS) - GAAP BASIS	(336,253)	(520,663)
NET ASSETS, MAY 1	<u>11,663,221</u>	<u>12,183,884</u>
NET ASSETS, APRIL 30	<u><u>\$ 11,326,968</u></u>	<u><u>\$ 11,663,221</u></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, 2010
(With Comparative Actual)

	2010	2009
CURRENT ASSETS		
Cash and cash equivalents	\$ 18,780	\$ 8,199
Prepaid expenses	1,068	977
	<hr/>	
Total assets	19,848	9,176
	<hr/>	
LIABILITIES		
Accounts payable	2,394	1,583
	<hr/>	
Total liabilities	2,394	1,583
	<hr/>	
NET ASSETS		
Unrestricted	\$ 17,454	\$ 7,593
	<hr/> <hr/>	

(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, 2010
(With Comparative Actual)

	2010		Variance Over (Under)	2009 Actual
	Budget	Actual		
OPERATING REVENUES				
Charges for services	\$ 94,000	\$ 82,303	\$ (11,697)	\$ 92,038
Total operating revenues	94,000	82,303	(11,697)	92,038
OPERATING EXPENSES				
Commodities	8,500	5,047	(3,453)	1,533
Services	85,855	67,438	(18,417)	104,626
Total operating expenses	94,355	72,485	(21,870)	106,159
OPERATING INCOME (LOSS)	(355)	9,818	10,173	(14,121)
NONOPERATING REVENUES (EXPENSES)				
Investment income	1,000	43	(957)	1,213
Total nonoperating revenues (expenses)	1,000	43	(957)	1,213
CHANGE IN NET ASSETS	<u>\$ 645</u>	9,861	<u>\$ 9,216</u>	(12,908)
NET ASSETS, MAY 1		<u>7,593</u>		<u>20,501</u>
NET ASSETS, APRIL 30		<u>\$ 17,454</u>		<u>\$ 7,593</u>

(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, 2010
(With Comparative Actual)

	2010		Variance Over (Under)	2009 Actual
	Budget	Actual		
ADDITIONS				
Contributions				
Employer	\$ 151,812	\$ 147,537	\$ (4,275)	\$ 189,366
Employee	58,000	62,034	4,034	57,268
Total contributions	209,812	209,571	(241)	246,634
Investment income	45,000	94,205	49,205	24,885
Less investment expense	(3,200)	(5,795)	(2,595)	(4,802)
Net investment income	41,800	88,410	46,610	20,083
Total additions	251,612	297,981	46,369	266,717
DEDUCTIONS				
Benefits	55,400	55,868	468	54,241
Refunds of contributions	-	-	-	21,196
Administration	1,600	405	(1,195)	1,264
Total deductions	57,000	56,273	(727)	76,701
NET INCREASE	<u>\$ 194,612</u>	241,708	<u>\$ 45,642</u>	190,016
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
May 1		<u>1,141,617</u>		<u>951,601</u>
April 30		<u>\$ 1,383,325</u>		<u>\$ 1,141,617</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, 2010

	Balances May 1	Additions	Deletions	Balances April 30
SPECIAL ASSESSMENT FUND #9				
ASSETS				
Cash and cash equivalents	\$ 121,237	\$ 157	\$ 50	\$ 121,344
LIABILITIES				
Due to bondholders	\$ 121,237	\$ 157	\$ 50	\$ 121,344
 SPECIAL ASSESSMENT FUND #11				
ASSETS				
Cash and cash equivalents	\$ 91,937	\$ 119	\$ 50	\$ 92,006
LIABILITIES				
Due to bondholders	\$ 91,937	\$ 119	\$ 50	\$ 92,006
 SPECIAL ASSESSMENT FUND #12				
ASSETS				
Cash and cash equivalents	\$ 182,306	\$ 237	\$ 50	\$ 182,493
LIABILITIES				
Due to bondholders	\$ 182,306	\$ 237	\$ 50	\$ 182,493
 SPECIAL ASSESSMENT FUND #93-1				
ASSETS				
Cash and cash equivalents	\$ 548,014	\$ 712	\$ 88	\$ 548,638
LIABILITIES				
Due to bondholders	\$ 548,014	\$ 712	\$ 88	\$ 548,638
 SPECIAL ASSESSMENT FUND #96-1A				
ASSETS				
Cash and cash equivalents	\$ 32,253	\$ 139,277	\$ 160,334	\$ 11,196
LIABILITIES				
Due to bondholders	\$ 32,253	\$ 139,277	\$ 160,334	\$ 11,196

(This statement 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, 2010

	Balances May 1	Additions	Deletions	Balances April 30
SPECIAL ASSESSMENT FUND #96-1B				
ASSETS				
Cash and cash equivalents	\$ 14,381	\$ 415,114	\$ 264,241	\$ 165,254
LIABILITIES				
Due to bondholders	\$ 14,381	\$ 415,114	\$ 264,241	\$ 165,254
SPECIAL ASSESSMENT FUND #13B				
ASSETS				
Cash and cash equivalents	\$ 867,251	\$ 452,199	\$ 472,114	\$ 847,336
LIABILITIES				
Due to bondholders	\$ 867,251	\$ 452,199	\$ 472,114	\$ 847,336
SPECIAL ASSESSMENT FUND #13A				
ASSETS				
Cash and cash equivalents	\$ 389,032	\$ 153,721	\$ 168,086	\$ 374,667
LIABILITIES				
Due to bondholders	\$ 389,032	\$ 153,721	\$ 168,086	\$ 374,667
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 2,246,411	\$ 1,161,536	\$ 1,065,013	\$ 2,342,934
LIABILITIES				
Due to bondholders	\$ 2,246,411	\$ 1,161,536	\$ 1,065,013	\$ 2,342,934

(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, 2010

	General Fund	Adjustments	Statement of Net Assets
ASSETS			
Cash and cash equivalents	\$ 640,787	\$ -	\$ 640,787
Receivables			
Property taxes, net of allowance for losses and costs	231,245	-	231,245
Grants	4,788	-	4,788
Accrued interest	1,400	-	1,400
Capital assets, not being depreciated	-	10,700	10,700
Capital assets, being depreciated, net of accumulated depreciation	-	215,527	215,527
	\$ 878,220	\$ 226,227	\$ 1,104,447
LIABILITIES AND FUND BALANCES/NET ASSETS			
LIABILITIES			
Wages payable	\$ 3,374	\$ -	\$ 3,374
Due to primary government	10,758	-	10,758
Compensated absences	-	4,873	4,873
Deferred revenue	231,245	-	231,245
	245,377	4,873	250,250
FUND BALANCES/NET ASSETS			
Invested in capital assets	-	226,227	226,227
Reserved for culture and recreation	632,843	(4,873)	627,970
	632,843	221,354	854,197
	\$ 878,220	\$ 226,227	\$ 1,104,447

(See independent auditor's report.)

PALOS PARK PUBLIC LIBRARY
COMPONENT UNIT

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

For the Year Ended April 30, 2010

	General Fund	Adjustments	Statement of Activities
REVENUES			
Property taxes	\$ 372,674	\$ -	\$ 372,674
Personal property replacement taxes	5,019	-	5,019
Grants	4,788	-	4,788
Fees for service	16,323	-	16,323
Fines	3,396	-	3,396
Investment income	8,527	-	8,527
Other income	4,033	-	4,033
Total revenues	414,760	-	414,760
EXPENDITURES			
Current			
Culture and recreation			
Wages	191,955	498	192,453
Fringe benefits	51,066	-	51,066
Insurance	9,563	-	9,563
Contractual services	86,748	-	86,748
Commodities	124,324	-	124,324
Capital outlay	43	-	43
Depreciation	-	11,321	11,321
Total expenditures	463,699	11,819	475,518
NET CHANGE IN FUND BALANCE/ NET ASSETS	(48,939)	(11,819)	(60,758)
FUND BALANCE/NET ASSETS, MAY 1	681,782	233,173	914,955
FUND BALANCE/NET ASSETS, APRIL 30	\$ 632,843	\$ 221,354	\$ 854,197

(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, 2010
 (With Comparative Actual)

	2010		Variance Over (Under)	2009 Actual
	Budget	Actual		
REVENUES				
Property taxes	\$ 340,857	\$ 372,674	\$ 31,817	\$ 331,226
Personal property replacement taxes	4,000	5,019	1,019	5,670
Grants	6,000	4,788	(1,212)	5,673
Fees for service	15,850	16,323	473	15,871
Fines	4,000	3,396	(604)	3,445
Investment income	19,000	8,527	(10,473)	13,253
Other income	110,000	4,033	(105,967)	3,875
Total revenues	499,707	414,760	(84,947)	379,013
EXPENDITURES				
Current				
Culture and recreation				
Wages	191,000	191,955	955	183,174
Fringe benefits	44,500	51,066	6,566	39,155
Insurance	10,000	9,563	(437)	9,591
Contractual services	93,800	86,748	(7,052)	80,183
Commodities	159,407	124,324	(35,083)	58,914
Capital outlay	1,000	43	(957)	10,263
Total expenditures	499,707	463,699	(36,008)	381,280
NET CHANGE IN FUND BALANCE	\$ -	(48,939)	\$ (48,939)	(2,267)
FUND BALANCE, MAY 1		681,782		684,049
FUND BALANCE, APRIL 30		\$ 632,843		\$ 681,782

(See independent auditor's report.)

SUPPLEMENTAL DATA

VILLAGE OF PALOS PARK, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
SERIES 2002 CERTIFICATES

April 30, 2010

Date of issue	March 11, 2002
Original principal	\$ 300,000
Date of maturity	January 1, 2017
Interest rate	1.80% to 5.05%
Principal payments	January 1
Interest payments	January 1 and July 1
Financial institution	Palos Bank and Trust Palos Heights, IL

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

<u>Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
TOTAL	\$ 161,000	\$ 32,666	\$ 193,666

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

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

April 30, 2010

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
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
TOTAL	\$ 325,000	\$ 72,747	\$ 397,747

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

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

April 30, 2010

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
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
TOTAL	<u>\$ 335,000</u>	<u>\$ 73,915</u>	<u>\$ 408,915</u>

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

**LONG-TERM DEBT REQUIREMENTS
SERIES 2006 CERTIFICATES**

April 30, 2010

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
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
TOTAL	\$ 515,000	\$ 205,966	\$ 720,966

(See independent auditor's report.)

VILLAGE OF PALOS PARK, ILLINOIS

**LONG-TERM DEBT REQUIREMENTS
SERIES 2010 REFUNDING CERTIFICATES**

April 30, 2010

Date of issue	January 25, 2010
Original principal	\$ 1,055,000
Date of maturity	December 1, 2014
Interest rate	2.00% to 3.00%
Principal payments	December 1
Interest payments	June 1 and December 1
Financial institution	Bank of New York Mellon Chicago, IL

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

<u>Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 200,000	\$ 20,761	\$ 220,761
2012	205,000	20,425	225,425
2013	210,000	16,325	226,325
2014	215,000	12,125	227,125
2015	225,000	6,750	231,750
TOTAL	\$ 1,055,000	\$ 76,386	\$ 1,131,386

(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.	103-108
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.	109-112
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.	113-117
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.	118-119
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	120-122

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 Six Fiscal Years

Fiscal Year	2005	2006	2007	2008	2009	2010
GOVERNMENTAL ACTIVITIES						
Invested in capital assets net of related debt	\$ 1,640,412	\$ 2,108,522	\$ 2,997,346	\$ 3,151,308	\$ 3,292,655	\$ 3,273,865
Restricted	150,159	142,385	150,945	122,866	127,819	191,552
Unrestricted	1,574,192	1,632,543	1,523,471	1,532,600	1,351,511	1,390,918
TOTAL GOVERNMENTAL ACTIVITIES	\$ 3,364,763	\$ 3,883,450	\$ 4,671,762	\$ 4,806,774	\$ 4,771,985	\$ 4,856,335
BUSINESS-TYPE ACTIVITIES						
Invested in capital assets net of related debt	\$ 21,907,584	\$ 20,981,990	\$ 21,036,524	\$ 21,036,524	\$ 21,891,367	\$ 22,337,788
Unrestricted	1,041,517	1,546,673	1,807,134	1,807,134	1,616,093	803,652
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 22,949,101	\$ 22,528,663	\$ 22,843,658	\$ 22,843,658	\$ 23,507,460	\$ 23,141,440
PRIMARY GOVERNMENT						
Invested in capital assets net of related debt	\$ 23,547,996	\$ 23,090,512	\$ 24,033,870	\$ 24,187,832	\$ 25,184,022	\$ 25,611,653
Restricted	150,159	142,385	150,945	122,866	127,819	191,552
Unrestricted	2,615,709	3,179,216	3,330,605	3,339,734	2,967,604	2,194,570
TOTAL PRIMARY GOVERNMENT	\$ 26,313,864	\$ 26,412,113	\$ 27,515,420	\$ 27,650,432	\$ 28,279,445	\$ 27,997,775

Data Source

Audited Financial Statements

VILLAGE OF PALOS PARK, ILLINOIS

CHANGE IN NET ASSETS

Last Six Fiscal Years

Fiscal Year	2005	2006	2007	2008	2009	2010
EXPENSES						
Governmental activities						
General government	\$ 799,995	\$ 724,948	\$ 892,396	\$ 900,666	\$ 791,421	\$ 777,949
Public safety	1,495,343	1,687,093	1,643,589	1,946,030	1,926,213	1,873,156
Public works	334,492	379,832	550,148	676,962	530,728	578,961
Building and public grounds	622,563	749,496	642,185	681,183	790,866	596,335
Culture and recreation	261,654	333,239	314,641	312,111	331,727	309,727
Solid wastes	206,672	224,678	235,692	245,040	252,592	263,727
Interest	114,963	106,592	115,360	123,393	102,709	76,830
Total governmental activities expenses	<u>3,835,682</u>	<u>4,205,878</u>	<u>4,394,011</u>	<u>4,885,385</u>	<u>4,726,256</u>	<u>4,476,685</u>
Business-type activities						
Water	1,102,340	1,185,855	1,153,590	1,359,605	1,474,896	1,543,690
Sewer	562,946	625,027	573,225	675,554	849,458	837,692
Commuter parking	21,770	27,900	99,572	72,197	106,159	72,485
Total business-type activities expenses	<u>1,687,056</u>	<u>1,838,782</u>	<u>1,826,387</u>	<u>2,107,356</u>	<u>2,430,513</u>	<u>2,453,867</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 5,522,738</u>	<u>\$ 6,044,660</u>	<u>\$ 6,220,398</u>	<u>\$ 6,992,741</u>	<u>\$ 7,156,769</u>	<u>\$ 6,930,552</u>
PROGRAM REVENUES						
Governmental activities						
Charges for services						
General government	\$ 162,258	\$ 203,115	\$ 288,273	\$ 269,615	\$ 311,656	\$ 284,670
Public safety	317,952	269,785	196,069	261,094	229,111	319,211
Public works	682	14,371	574	2,884	-	4,500
Building and public grounds	327,062	329,291	428,045	563,833	313,868	244,904
Culture and recreation	178,288	207,246	203,801	226,646	188,003	172,160
Solid waste	199,865	227,895	238,554	245,708	256,041	274,995
Operating grants and contributions	167,812	400,799	210,353	159,700	189,263	128,535
Capital grants and contributions	-	-	520,000	-	20,000	14,020
Total governmental activities program revenues	<u>1,353,919</u>	<u>1,652,502</u>	<u>2,085,669</u>	<u>1,729,480</u>	<u>1,507,942</u>	<u>1,442,995</u>
Business-type activities						
Charges for services						
Water	834,829	875,349	815,765	904,234	1,058,410	1,465,267
Sewer	120,412	159,059	163,623	175,351	241,071	465,038
Commuter parking	27,888	27,265	70,801	92,739	92,038	82,303
Capital grants and contributions	-	-	510,000	2,231,197	-	-
Total business-type activities program revenues	<u>983,129</u>	<u>1,061,673</u>	<u>1,560,189</u>	<u>3,403,521</u>	<u>1,391,519</u>	<u>2,012,608</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	<u>\$ 2,337,048</u>	<u>\$ 2,714,175</u>	<u>\$ 3,645,858</u>	<u>\$ 5,133,001</u>	<u>\$ 2,899,461</u>	<u>\$ 3,455,603</u>
NET REVENUE (EXPENSE)						
Governmental activities	\$ (2,481,763)	\$ (2,553,376)	\$ (2,308,342)	\$ (3,155,905)	\$ (3,218,314)	\$ (3,033,690)
Business-type activities	(703,927)	(777,109)	(266,198)	1,296,165	(1,038,994)	(441,259)
TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)	<u>\$ (3,185,690)</u>	<u>\$ (3,330,485)</u>	<u>\$ (2,574,540)</u>	<u>\$ (1,859,740)</u>	<u>\$ (4,257,308)</u>	<u>\$ (3,474,949)</u>

VILLAGE OF PALOS PARK, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Six Fiscal Years

Fiscal Year	2005	2006	2007	2008	2009	2010
GENERAL REVENUES AND OTHER						
CHANGES IN NET ASSETS						
Governmental activities						
Taxes						
Property	\$ 863,244	\$ 899,096	\$ 956,234	\$ 1,014,455	\$ 1,053,410	\$ 1,179,055
Sales	686,106	849,185	890,588	943,390	858,847	785,862
Income	317,444	358,296	395,205	431,732	427,237	372,418
Utility	569,752	654,620	558,092	603,983	620,803	554,177
Other	182,782	187,788	147,006	151,077	152,995	179,842
Investment income	29,452	48,715	90,893	65,619	30,646	5,403
Miscellaneous	42,970	62,566	59,050	80,661	39,587	41,283
Gain on sale of capital assets	11,461	8,297	-	-	-	-
Contributions	7,005	-	-	-	-	-
Total governmental activities	<u>2,710,216</u>	<u>3,068,563</u>	<u>3,097,068</u>	<u>3,290,917</u>	<u>3,183,525</u>	<u>3,118,040</u>
Business-type activities						
Investment income	22,684	50,846	93,701	87,519	30,254	3,894
Miscellaneous	355,993	305,825	487,492	152,630	136,228	71,345
Total business-type activities	<u>378,677</u>	<u>356,671</u>	<u>581,193</u>	<u>240,149</u>	<u>166,482</u>	<u>75,239</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 3,088,893</u>	<u>\$ 3,425,234</u>	<u>\$ 3,678,261</u>	<u>\$ 3,531,066</u>	<u>\$ 3,350,007</u>	<u>\$ 3,193,279</u>
CHANGE IN NET ASSETS						
Governmental activities	\$ 228,453	\$ 515,187	\$ 788,726	\$ 135,012	\$ (34,789)	\$ 84,350
Business-type activities	(325,250)	(420,438)	314,995	1,536,314	(872,512)	(366,020)
TOTAL PRIMARY GOVERNMENT	<u>\$ (96,797)</u>	<u>\$ 94,749</u>	<u>\$ 1,103,721</u>	<u>\$ 1,671,326</u>	<u>\$ (907,301)</u>	<u>\$ (281,670)</u>

Data Source

Audited Financial Statements

VILLAGE OF PALOS PARK, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GENERAL FUND										
Reserved	\$ 19,875	\$ 16,644	\$ 79,703	\$ 56,087	\$ 65,256	\$ 39,324	\$ 40,754	\$ 81,614	\$ 53,247	\$ 58,168
Unreserved	829,468	1,030,031	1,253,352	1,382,425	1,321,404	1,326,285	1,329,466	1,181,635	1,017,976	922,908
TOTAL GENERAL FUND	\$ 849,343	\$ 1,046,675	\$ 1,333,055	\$ 1,438,512	\$ 1,386,660	\$ 1,365,609	\$ 1,370,220	\$ 1,263,249	\$ 1,071,223	\$ 981,076
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	\$ -	\$ -	\$ 163,510	\$ 307,717	\$ 145,325	\$ 142,385	\$ 150,945	\$ 122,866	\$ 127,819	\$ 195,372
Unreserved, reported in										
Special Revenue Funds	184,636	170,251	109,731	92,026	144,606	145,173	127,168	136,550	150,721	90,143
Capital Project Funds	583,268	(116,733)	(313,024)	51,442	201,989	297,920	387,106	464,760	413,848	491,926
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 767,904	\$ 53,518	\$ (39,783)	\$ 451,185	\$ 491,920	\$ 585,478	\$ 665,219	\$ 724,176	\$ 692,388	\$ 777,441

Data Source

Audited Financial Statements

VILLAGE OF PALOS PARK, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
REVENUES										
Taxes	\$ 2,336,648	\$ 2,343,053	\$ 2,442,313	\$ 2,344,198	\$ 2,563,659	\$ 2,907,333	\$ 2,947,124	\$ 3,144,638	\$ 3,113,292	\$ 3,071,354
Licenses and permits	427,161	317,436	285,021	292,189	389,771	415,187	505,647	653,044	482,959	467,581
Intergovernmental	-	-	-	193,442	167,812	400,799	210,353	159,700	217,936	147,732
Charges for services	154,105	153,804	171,420	104,510	159,928	148,983	141,641	98,185	79,528	50,405
Fees by agreement	217,539	232,500	208,383	404,099	442,099	541,766	596,859	620,443	609,133	619,316
Fines and forfeitures	75,340	83,962	61,577	116,997	231,214	181,181	111,170	187,507	110,902	154,210
Grants	591,243	333,495	313,880	-	-	-	-	-	-	-
Investment income	152,457	39,203	19,449	10,421	29,450	48,721	90,893	65,619	30,646	5,403
Miscellaneous	783,810	600,206	289,600	403,751	73,197	68,798	59,050	91,261	47,071	35,034
Total revenues	4,738,303	4,103,659	3,791,643	3,869,607	4,057,130	4,712,768	4,662,737	5,020,397	4,691,467	4,551,035
EXPENDITURES										
Current										
General government (administration)	617,497	515,721	479,057	490,377	723,405	752,113	776,445	808,306	712,090	736,570
Public affairs	23,681	27,687	23,980	56,664	-	-	-	-	-	-
Public safety (police)	1,376,563	1,306,520	1,310,467	1,339,684	1,463,156	1,630,788	1,605,648	1,871,600	1,873,619	1,789,273
Public works	746,261	477,751	294,204	319,494	346,111	409,751	403,892	524,083	553,425	533,843
Building	198,122	185,931	179,003	227,452	-	-	-	-	-	-
Building and public grounds	-	-	-	-	512,704	719,372	637,357	661,585	779,371	593,998
Culture and recreation	191,518	215,334	249,015	227,598	255,021	325,699	290,774	304,706	309,125	301,616
Public grounds	36,216	69,303	73,542	86,916	-	-	-	-	-	-
Finance	159,076	144,037	170,481	175,206	-	-	-	-	-	-
Solid waste	99,042	173,932	178,676	184,618	206,672	224,678	235,692	245,040	252,592	263,727
Other	-	1,779,365	-	1,380	-	-	-	-	-	-
Capital outlay	2,852,899	-	664,121	251,323	109,859	349,064	911,786	239,689	120,288	23,157
Debt service										
Principal retirement	223,598	151,579	119,384	91,278	36,000	252,000	271,192	293,506	282,256	282,279
Interest and other charges	11,861	138,774	99,394	109,156	107,602	107,006	115,774	123,135	106,693	97,141
Total expenditures	6,536,334	5,185,934	3,841,324	3,561,146	3,760,530	4,770,471	5,248,560	5,071,650	4,989,459	4,621,604
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,798,031)	(1,082,275)	(49,681)	308,461	296,600	(57,703)	(585,823)	(51,253)	(297,992)	(70,569)

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
OTHER FINANCING SOURCES (USES)										
Transfers in	\$ 191,531	\$ 398,476	\$ 501,520	\$ 127,000	\$ 250,000	\$ 89,973	\$ 60,200	\$ 122,358	\$ 132,072	\$ 266,116
Proceeds from sale of capital assets	-	6,716	2,250	-	-	17,281	16,576	3,239	42,862	1,259
Installment contracts issued	1,886,000	418,794	-	-	-	109,429	653,599	-	31,316	1,085,000
Premium/discount on installment contracts	-	-	-	-	-	-	-	-	-	12,207
Capital lease issued	-	43,623	-	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-	-	-	-	(1,032,991)
Transfers (out)	(122,751)	(302,388)	(424,520)	(50,000)	(250,000)	(89,973)	(60,200)	(122,358)	(132,072)	(266,116)
Total other financing sources (uses)	1,954,780	565,221	79,250	77,000	-	126,710	670,175	3,239	74,178	65,475
NET CHANGE IN FUND BALANCE	\$ 156,749	\$ (517,054)	\$ 29,569	\$ 385,461	\$ 296,600	\$ 69,007	\$ 84,352	\$ (48,014)	\$ (223,814)	\$ (5,094)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	6.39%	5.60%	6.89%	6.06%	3.93%	8.12%	8.54%	8.40%	8.02%	8.25%

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 Ten 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
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	187,992,725	34,707	21,840,193	9,702,412	95,620	219,665,657	0.4454	658,996,971	33.333%
2007	199,888,492	36,902	23,222,193	10,316,359	101,672	233,565,618	0.4350	700,696,854	33.333%
2008	234,150,430	43,392	27,306,755	12,130,909	119,555	273,751,041	0.4020	821,253,123	33.333%
2009	253,140,363	46,732	29,408,767	13,064,719	128,758	295,789,339	0.3820	887,368,017	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 the Village only.
(Does not include overlapping rates)

VILLAGE OF PALOS PARK, ILLINOIS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Levy Years

Levy Year	Village Direct Rates					Overlapping Rates ⁽¹⁾						
	General	Police Protection	Police Pension	IMRF	Total Direct Tax Rate	School Districts	Library	County	Fire Protection District	Township	S. Palos Sanitary District ⁽²⁾	MWRD
2000	\$ 0.4461	\$ 0.0609	\$ -	\$ 0.0984	\$ 0.6054	\$ 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	0.3059	0.0449	0.0588	0.0354	0.445	4.630	0.142	0.569	0.598	0.079	0.232	0.284
2007	0.2968	0.0447	0.0584	0.0351	0.435	4.486	0.138	0.511	0.545	0.079	0.177	0.263
2008	0.2784	0.0400	0.0521	0.0315	0.402	4.100	0.128	0.475	0.511	0.075	0.276	0.252
2009 ⁽³⁾	0.314	0.038	-	0.030	0.382	N/A	0.123	N/A	N/A	N/A	N/A	N/A

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

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

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

⁽³⁾ The rates for levy year 2009 for many overlapping rates 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 Nine Years Ago*

Taxpayer	Type of Business Property	Fiscal Year 2010			Fiscal Year 2000		
		Tax Levy Year 2008** Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Tax Levy Year 1998* Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
IRC	Supermarket	\$ 9,281,306	1	3.39%	\$ 6,184,070	1	5.52%
Sunrise Senior Living	Commercial property with special improvements	6,361,092	2	2.32%	-	-	-
James Marth	Shopping Center (Mill Creek Center)	2,880,595	3	1.05%	-	-	-
Walgreens	One-Story Store	1,933,168	4	0.71%	-	-	-
Gas City Limited	Gasoline Station	1,659,908	5	0.61%	786,768	6	0.70%
Inter Cont'l 131st Palos Park	Shopping Center	1,591,591	6	0.58%	739,844	7	0.66%
Shell Oil Company	Gasoline Station	1,416,309	7	0.52%	730,001	9	0.65%
SBC Ameritech	Phone Utility	1,173,857	8	0.43%	811,631	5	0.72%
Joseph Getto	One-Story Store	960,280	9	0.35%			
Taxpayer	Residence	915,240	10	0.33%			
John T. Moya	Shopping Center	-	-	-	1,967,803	2	1.76%
Commonwealth Edison Co.	Electric Utility				1,111,295	3	0.99%
Palos Country Club	Palos Country Club	-	-	-	998,297	4	0.89%
Alliance Shippers Inc.	Commercial Condo Units	-	-	-	737,041	8	0.66%
Alfredo Veltri	Shopping Center (Palos Park Plaza)	-	-	-	598,628	10	0.53%
		<u>\$ 28,173,346</u>		<u>10.29%</u>	<u>\$ 14,665,378</u>		<u>13.08%</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
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%
2006	979,709	1,014,455	103.55%
2007	1,015,072	1,014,183	99.91%
2008	1,098,709	1,082,669	98.54%

Note:

Total collections to date includes collections of current year taxes and collection of delinquent taxes from prior years. The percentage of levy represents the ratio of total collections to date to the taxes levied for that fiscal year.

Data Source

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

Property in the Village is reassessed every three 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			
2001	\$ 7,797,404	\$ 3,337,278	\$ 54,597	\$ 544,026	\$ 538,489	N/A	\$ 12,271,794	1.22%	\$ 2,617
2002	7,137,342	3,545,281	31,292	359,588	350,672	N/A	11,424,175	1.17%	2,436
2003	-	3,348,301	-	344,962	-	N/A	3,693,263	1.00%	788
2004	450,000	3,150,296	-	-	-	\$ 748,872	4,349,168	1.06%	928
2005	-	3,007,295	-	450,000	-	685,574	4,142,869	1.17%	884
2006	-	2,726,227	-	875,000	24,995	624,012	4,250,234	1.23%	906
2007	-	2,551,423	-	825,000	12,497	434,042	3,822,962	1.34%	815
2008	-	2,257,917	-	770,000	-	396,332	3,424,249	1.34%	730
2009	-	2,006,977	-	715,000	-	358,622	3,080,599	0.84%	657
2010	-	1,779,698	-	660,000	-	320,912	2,760,610	0.75%	589

The Village's outstanding debt can be found in the notes to the financial statements.

* See the schedule of Demographic and Economic Information on page 118 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
2001	\$ 7,797,404	2.13%	\$ 1,663
2002	7,137,342	1.97%	1,522
2003	-	0.00%	-
2004	450,000	0.09%	-
2005	450,000	0.09%	96
2006	875,000	0.17%	187
2007	825,000	0.13%	176
2008	770,000	0.12%	164
2009	715,000	0.10%	152
2010	660,000	0.08%	141

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

* See the schedule of Assessed Value and Actual Value of Taxable Property on page 109 for property value data.

VILLAGE OF PALOS PARK, ILLINOIS

DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT

April 30, 2010

	2008 Equalized		Applicable to Village	
	Assessed Valuation ⁽¹⁾	Outstanding Bonds	Percent ⁽²⁾	Amount
Village of Palos Park	\$ 273,751,041	\$ - ⁽³⁾	100.000%	\$ -
<u>Overlapping Districts:</u>				
Cook County	173,641,947,994	3,184,830,000	0.158%	5,032,031
Cook County Forest Preserve	173,641,947,994	108,665,000	0.158%	171,691
Metropolitan Water Reclamation District	170,097,381,685	1,960,541,202 ⁽⁴⁾	0.161%	3,156,471
South Palos Twp. Sanitary District	69,621,647	906,000	7.153%	64,806
<u>School Districts</u>				
Community Consolidated School District #118	1,006,740,294	4,950,000	27.188%	1,345,806
High School District #230	5,857,479,165	76,815,000	4.672%	3,588,797
Community College #524	12,746,484,863	80,885,000	2.150%	1,739,028
TOTAL DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT				<u>\$ 15,098,630</u>

⁽¹⁾ Most recent values available as of September 20, 2010.

⁽²⁾ Determined by ratio of assessed valuation of property subject to taxation in the Village 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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Legal debt limit	\$ 10,415,919	\$ 11,115,228	\$ 14,329,731	\$ 14,423,788	\$ 15,202,530	\$ 18,450,976	\$ 18,946,163	\$ 20,145,035	\$ 22,796,927	\$ 23,611,027
Total net debt applicable to limit	7,530,015	7,797,404	7,137,342	-	450,000	875,000	825,000	770,000	715,000	660,000
Legal debt margin	\$ 2,885,904	\$ 3,317,824	\$ 7,192,389	\$ 14,423,788	\$ 14,752,530	\$ 17,575,976	\$ 18,121,163	\$ 19,375,035	\$ 22,081,927	\$ 22,951,027
Total net debt applicable to the limit as a percentage of debt limit	72%	70%	50%	0%	3%	5%	4%	4%	3%	3%

Legal Debt Margin Calculation for Fiscal 2010

Assessed Value	\$ 273,751,041
Legal debt margin	<u>8.625%</u>
Debt limit	23,611,027
Debt applicable to limit General obligation bonds	<u>660,000</u>
Legal debt margin	<u>\$ 22,951,027</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		
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	4.59	
2008	1,316,694	1,146,424	170,270	101,433	52,320	1.11	
2009	1,460,236	1,434,908	25,328	92,710	43,771	0.19	
2010	2,005,501	1,476,747	528,754	92,710	43,565	3.88	

Note: Details of the Village's outstanding debt can be found in the notes to 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
2001	4,689	\$ 367,852,050	\$ 78,450	5.60%
2002	4,689	367,852,050	78,450	6.90%
2003	4,689	367,852,050	78,450	6.90%
2004	4,689	367,852,050	78,450	6.30%
2005	4,689	367,852,050	78,450	6.00%
2006	4,689	367,852,050	78,450	4.40%
2007	4,689	367,852,050	78,450	4.30%
2008	4,689	367,852,050	78,450	6.20%
2009	4,689	367,852,050	78,450	9.60%
2010	4,689	367,852,050	78,450	11.20%

Data Source

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

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

VILLAGE OF PALOS PARK, ILLINOIS

PRINCIPAL EMPLOYERS

Current and Nine Years Ago

Employer	2008		1999	
	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%
Osco	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	-

Note

2008 is most recent information available.

VILLAGE OF PALOS PARK, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GENERAL GOVERNMENT										
Administration	3.5	4.5	4.5	5.5	5.5	5.0	5.3	5.3	5.3	4.3
Building and zoning	2.0	2.0	2.0	2.0	3.0	3.0	3.6	4.0	3.5	3.5
Finance	1.8	1.5	2.1	2.1	3.1	3.1	3.0	3.0	3.3	2.0
Police										
Officers FT	12.0	11.0	11.0	10.0	10.0	11.0	10.0	10.0	10.0	10.0
Officers PT	23.0	22.0	20.0	12.0	12.0	14.0	15.0	15.0	16.0	20.0
Civilians	3.0	3.3	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Public Works										
Water Department	2.3	2.3	2.3	2.8	2.3	2.3	3.9	4.3	4.6	4.6
Sewer Department	1.0	1.3	1.3	1.3	1.3	1.3	1.3	1.6	1.4	1.4
Street maintenance	3.3	2.3	2.3	2.5	2.3	2.3	3.1	4.4	5.0	4.5
Recreation	1.6	2.0	2.4	2.8	3.0	3.5	3.5	3.5	3.5	3.5

Data Source

Village Finance Department: Payroll

VILLAGE OF PALOS PARK, ILLINOIS

OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
PUBLIC SAFETY										
Police(1)										
Physical arrests	206	133	239	431	361	333	251	285	242	170
Parking violations	1,415	1,559	1,257	694	808	994	1,346	1,757	1,573	1,209
Traffic violations	2,686	2,071	2,524	2,145	1,611	1,674	1,322	1,711	1,570	1,213
PUBLIC WORKS										
Streeting resurfacing (miles)	1.09	1.92	1.19	2.00	1.00	1.60	1.01	1.01	1.01	0.25
Pothole repairs	50-75	50-75	50-75	50-75	50-75	50-75	50-75	75-120	75-100	50-75
WATER										
New connections	204	145	31	25	25	42	41	27	7	8
Water main breaks	10	9	11	10	14	10	11	12	15	2
Average daily consumption(2)	471,000	478,000	465,000	483,000	538,000	472,000	389,884	427,827	489,000	416,134
Peak demand	887,000	901,000	935,000	910,000	963,000	980,000	1,015,000	987,000	837,000	850,000

Data Source

Appropriate Village Departmental Directors

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

(2) Average gallons per day

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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
PUBLIC SAFETY										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	5	6	7	7	7	7	8	8	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)	49.99	49.99	49.99	50.31	50.58	50.58	50.58	50.58	51.08	52.24
Fire hydrants	685	697	700	716	716	722	726	726	730	730
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)	36.77	37.60	37.75	38.70	38.70	39.27	39.27	39.27	39.37	39.37
Storm sewers (miles)	6.92	6.92	7.06	7.18	7.29	7.48	7.67	7.67	7.67	7.67

Data Source

Appropriate Village Departmental Directors

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