

2011

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, 2011

**VILLAGE OF PALOS PARK, ILLINOIS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**April 30, 2011**

**Prepared by the Finance Department**

**Director of Finance**

**Assistant Finance Director**

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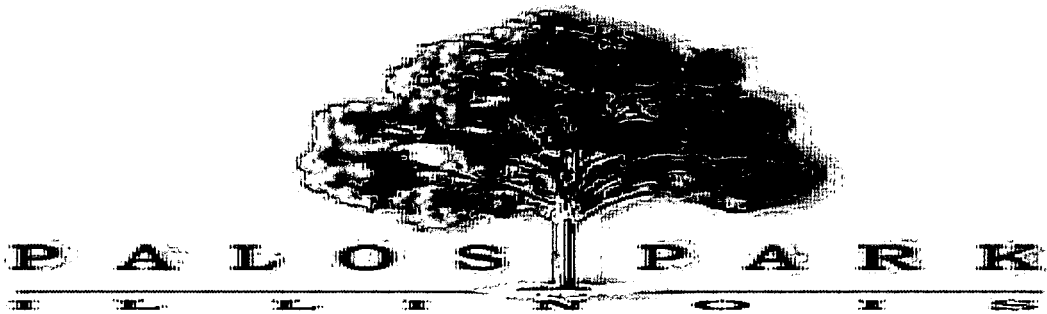
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## **INTRODUCTORY SECTION**



## **VILLAGE OF PALOS PARK**

### **PRINCIPAL OFFICIALS**

**MAY 1, 2011**

#### **JOHN F. MAHONEY**

Mayor

#### **MARIE ARRIGONI**

Village Clerk

#### **BOARD OF COMMISSIONERS**

- Daniel Polk** - *Commissioner of Public Health and Safety*
- Nicole Milovich-Walters** - *Commissioner of Public Works and Streets, and Recreation*
- Kent Oliven** - *Commissioner of Accounts and Finance*
- G. Darryl Reed** - *Commissioner of Building and Public Property*

#### **ADMINISTRATION**

**Richard B. Boehm** - *Village Manager*

#### **DEPARTMENT DIRECTORS**

- Steve Manning** - *Community Development Director*
- Nicole Marxman** - *Recreation Director*
- Barbara Maziarek** - *Finance Director / Treasurer*
- Joseph Miller** - *Chief of Police*
- Michael Sibrava** - *Public Works Director*



JOHN F. MAHONEY  
Mayor

KENT OLIVEN  
Accounts and Finances

NICOLE MILOVICH-WALTERS  
Public Works and Streets, Recreation

## Village of Palos Park

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

DAN POLK  
Public Health and Safety

G. DARRYL REED  
Building and Public Property

MARIE ARRIGONI  
Village Clerk

RICHARD B. BOEHM  
Village Manager

October 19, 2011

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

The Comprehensive Annual Financial Report (CAFR) of the Village of Palos Park, Illinois for the year ended April 30, 2011 is hereby submitted as mandated by both local ordinance and state statute. Illinois state statute requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with United States Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

The Village's financial statements have been audited by Wolf & Company LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Village for the fiscal year ended April 30, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The Village of Palos Park is pleased to report that the independent audit firm Wolf & Company LLP has issued an unqualified (“clean”) opinion on the Village's financial statements for the year ended April 30, 2011. The independent auditor's report is located at the front of the financial section of the CAFR.

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

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

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 4,847 people (the 2010 Census figure). The Village of Palos Park covers an area of 3.6 square miles, and is an upscale community that prides itself on its semi-rural character. It has developed high-quality residential neighborhoods in which 97.1% of the homes are owner-occupied. The population of the community is very stable; according to the 2010 Census, 72.8% of owners have been residents since 1989 or earlier. The median age of residents is 46.9 years with 19.3% of residents over 65 years old. Two important concerns of residents are the maintenance of property values, and quality of life issues.

Palos Park does not fit the traditional stereotype of the well-to-do southern suburb that rose out of reclaimed corn fields with expanses of flat green lawns and large fences separating neighbors. Instead, each residence sits amongst 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 Manager, Village Attorney, and the Village Treasurer.

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

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

### **OVERVIEW OF THE LOCAL ECONOMY AND FINANCES**

Palos Park is a great place to work, live, and raise a family. The Village of Palos Park is dedicated to constantly improving the delivery of its services; thereby, enhancing the quality of life for its residents and the operating environment for its businesses. Although primarily a residential community, the Village of Palos Park does have three small areas of commercial development. The northeast corner of 131<sup>st</sup> 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 123<sup>rd</sup> Street, primarily between 80<sup>th</sup> Avenue and 86<sup>th</sup> 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 123<sup>rd</sup> Street and 80<sup>th</sup> 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).

In fiscal year 2011, the Village continued to face major financial challenges, with negative impacts to many of our tax collections. The Village continued its fiscally conservative practice in its budget goals as a result of the continued economic downturn and decreasing revenue trends. Department Directors aimed to establish a fund balance surplus, while conservatively estimating revenues and expenditures in the budget for the fiscal year. As with much of the state and county, the Village is experiencing the challenge of providing new and improved services to residents while facing expanded federal and state mandates in a declining revenue environment.

Several major revenue sources declined as a result of the economy. Fortunately, the Village's conservative budgeting, maintenance of fund balance reserves, along with a strategic planning process enabled the Village to end the fiscal year with adequate reserves intact. General Fund revenues increased overall by 4.38% in FY11 to \$4,321,782. In addition, revenue from property taxes collections increased by 4.52%, fees by agreement also increased by 5.28%, sales tax increased by 4.15%; however, state income tax decreased by 1.83%, and utility taxes decreased by 1.25% as compared to the prior fiscal year.

General Fund operating expenditures decreased slightly in FY11 by \$95,636 to a total of \$4,168,685 as compared to FY10. This 2.24% decrease in expenditures was due to a concerted

effort to reduce budgeted expenditures on both the operating and capital side. Reduction in capital outlays, which were put on hold in a slowing economy; as well as, departments reducing spending produced a surplus and an increase in reserves in the General Fund.

The ½% Sales Tax Fund had non-home rule sales tax revenues totaling \$175,847 that allowed for the funding of \$106,584 in Public Building and Grounds improvements. A fund balance of \$323,408 still remains in the fund for contingency and future infrastructure improvements.

The Police Asset Forfeiture Fund did receive \$656,549 of forfeiture income in FY11. This income allowed the Police Department to purchase and equip 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, 2011, the Palos Park held a unreserved, undesignated fund balance equal to 27.66% of FY11 Budgeted Expenditures. Village policy is to maintain at least 25% of unreserved fund balance, with a goal of 40%. Several tools are utilized for long-term financial planning, including five-year budget projections, and a five-year capital improvement plan for equipment and infrastructure. In addition, the Comprehensive Plan and the Strategic Plan detail priorities in the long and short runs, respectively, keeping financial expenditures focused.

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

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

## **MAJOR INITIATIVE FOR THE YEAR AND FOR THE FUTURE**

All major improvements have been delayed due to the economy and current year budget concerns in the General Fund. However, the Water Fund saw the completion of an underground water reservoir project to increase storage capacity in case of emergencies. The total contract price to construct the reservoir was \$2,073,141; however, \$1,750,000 in general obligation bonds were issued to fund this project. The Village's credit rating was reviewed during the issuance of the general obligations bonds, and Moody's upgraded the Village's rating to Aa3.

Each year during the budget process, the Village Department Directors prepare their departments' goals and designated projects for the coming fiscal year. These goals and projects are detailed below by department.

### ***ADMINISTRATION DEPARTMENT Goals and Projects FY 2011***

#### ***A. PERSONNEL***

- Performance appraisals.
- Keep employee's moral high with no cost or low cost impact.
- Include Village Clerk in communications, meetings, and work projects in office.
- Continue Professional Development for Staff.
- Negotiate MAP Union Contract 2010-2013.
- Encourage volunteer resident work force.

#### ***B. COMMUNICATIONS***

- Improve communications and positive relationships with surrounding municipalities.
- Continue bi-weekly Administration Department Meetings.
- Improve communications with residents.
- Encourage departments to remove silos and work together.

#### ***C. ANNEXATIONS***

- Consummate annexations west of Village.
- Annex ComEd lines west from Village boundary on Wolf Road.
- Annexation of Hidden Acre's at 8400 West and North 131st Street (Don Jeanes's Subdivision).
- New Western Annexation may require special census.

#### ***D. LEGAL***

- Resolve jurisdictional issues at 131<sup>st</sup> LaGrange Road with Orland Park.
- Resolve Smetek driveway permit and drainage issue.
- Resolve Giannakopoulos / Adams zoning issues.

### ***E. PUBLIC PROPERTY***

- Negotiate new lease with McCord NFP.
- Negotiate new vendor lease at Metra Station.
- Install Security camera at Metra Station.
- Cost Benefit Analysis for all Village owned property.
- Approve 39-year lease with the MWRD for their property (12 acres) along Cal Sag Channel at 86<sup>th</sup> Avenue and North of Route 83.
- Hire mechanical/building engineer to manage Village buildings i.e, Kaptur, Recreation, and Village Garage.
- Improvements for five-acre Park on Will Cook Road.

### ***F. PROCEDURAL/OPERATIONS***

- Improve the retrieving of records.
- Begin document management through GIS.
- Transfer Plan Commission Secretary's responsibility to Building Department.
- Make any governmental changes required as a result of Census (population 5,000 and over) requires Police and Fire Commission.
- Election in November – talk with / write David Orr's office regarding unincorporated residents sharing same precincts as Palos Park residents.
- Quantify and analyze operations by department.
- Consistency with front desk procedures particularly cash management.
- Implement new passwords for everyone for computers and phones.
- Better communication with front desk, i.e. days off, events, current issues.
- Keep office clear of clutter.

### ***G. PUBLIC WORKS/INFRASTRUCTURE***

- Hire new Public Works Director.
- Continue negotiations for new water contract with Oak Lawn and/or Palos Heights.
- Continue working on Quiet Zone at 86th Avenue and 127th Street with Orland Park.
- Continue to promote Biking and Trail plans in Village of Palos Park.
- Negotiate new 25-year Easement Agreement with MWRD Storm Water Outfall into the Cal Sag Channel, from Edelweiss in the Park.
- Renew Sewer Service Agreement with Village of Orland Park-which expires 08/01/2011.
- Traffic Light Installation at Creek Road and LaGrange Road.
- Need Revised Easement for 94th Avenue (Private Road).
- Manage CMAQ sidewalk project west side of 80th Avenue from 121st Street to 123rd Street. Manage ARRA paving project 121st between 80th and Southwest Highway; paving of 127th Street between 80th and 123rd Street; and Hillside Circle paving job.
- Management of underground water reservoir construction.

## ***H. ECONOMIC DEVELOPMENT***

- Feature businesses on website, and continue visits and videos of businesses.
- Continue to serve on Cal Sag Bike Trail Coalition to continue progress towards construction of Cal Sag Bike Trail.
- Continue economic development efforts with ICSC.
- Continue support of businesses thru Business Association meetings.
- Outreach to businesses, better communications.
- Consider development on No Cash Bid Parcels, Schroeder Property, re-development around Metra Station and along LaGrange Road.

## ***I. FINANCE***

- Consider Storm Water Management Fee.
- Fail safe budget (continue conservative efforts).
- Adhere to Budget lines within budget.
- Improve collection method at Metra Station.
- Verify new census figure-ensure we receive all revenues connected with new census.
- Contain legal fees.
- Document Cost of Special Events.

## ***J. INSURANCE / LIABILITY***

- Administrator is the delegate to IRMA.
- Finance Director is the alternate delegate to IRMA.
- Chief and Public Works Director should participate in IRMA.
- Continue compliance with all IRMA programs, i.e. risk assessments, IMAP, and Safety Compliance.
- Negotiate with staff new health, dental & life insurance coverage effective 08/01/2011.
- Work Comp claims management.

## ***BUILDING DEPARTMENT***

### ***Goals and Projects FY 2011***

- Use Comprehensive Plan as a guide for all zoning, subdivision, annexation and other development issues and budget and capital improvement issues.
- Assist committee to complete Village Bike, Ped Trails, Cal-Sag Trail and adopt as amendment to Comprehensive Plan.
- Research upgrades in 2009 International Building Code.
- Increase education campaign with department forms, newsletter articles, and contact procedures to decrease need for stop work orders, citations.
- Annex ComEd right-of-way, process other annexation petitions for Council review.

- Assist Tree Body in preparing the Tree Spec Manual and amendments to public tree code. Amend private tree standards.
- Change name to Community Development.
- Cross training of staff for the administrative duties of the Building Department.
- Improvements to the MSI software to make the day-to-day operations of issuing permits effective.
- Review and 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 building permit fees and fine schedules.
- Update zoning map and standards, building standards, and tree standards.
- Review permit expiration dates to extend dates for houses larger than 5,000 square feet.
- Impose higher fines for violation of Village building codes and policies.
- Utilize the Comprehensive Plan as a guide for all zoning, subdivision, annexation, and other development issues and for budgeting purposes.
- Review the possibility of residential fire sprinkler systems for houses of 5,000 square feet or larger.
- 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***  
***Goals and Projects FY 2011***

- Receive the GFOA's Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report (CAFR) for FY2010.
- Prepare document for GFOA's Distinguished Budget Presentation Award for Fiscal Year 2012.

- Institute a program in which each department director works with his or her commissioner to define goals for the upcoming fiscal year and then present the report to the full Council.
- Institute a program in which each department director takes the previous year's goals and describes what was or was not accomplished on each item. Other accomplishments not on the previous year's goals would be added.
- Increase information in monthly Treasurer's Report and monthly financial cash position.
- Revamp the utility billing procedure and possibly the utility billing section of the Village Code to increase both efficiency and account receivables, with the longer-term goal of having the utility billing section of the Finance Department fund itself.
- Create a process for tracking sales receipts of businesses in sales tax rebate agreements and bring the accounts payable in these accounts current.
- Research all closed Special Assessments that still have positive fund balances to see if there were any receipts that were not properly attributed to that fund in an effort to reduce the fund balance and bring the monies into the General Fund, Sewer Fund, or Water Fund.
- Examine inconsistencies between the personnel manual and the Village Code with respect to work week hours, overtime, and comp time. Work with the Village Administrator to make a recommendation to the Village Council to upgrade these documents to both resolve these differences and to reflect current trends.
- Make a new timesheet spreadsheet for all employees to enable more accurate and uniform recording of hours worked and to reduce internal payroll processing time.
- Create a new comp time tracking spreadsheet for full-time exempt employees to more accurately track hours that may roll off due to the 35 hour or 90 day maximums.
- Implement GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, for Fiscal Year 2012 budget implementation.

***POLICE DEPARTMENT  
Goals and Projects FY 2011***

- At every turn optimize and utilize allocated asset forfeiture funds for departmental initiatives.
- Build on our strong commitment to risk management and mitigation through pro active risk assessment and elimination whenever possible. Our ongoing initiatives with IRMA and NEMRT on risk exposure reduction and safety awareness, as well as on-going staff professional development and hazard recognition, detection and mitigation.

- Continue on a path of seeking funding resources which are external of the organization, private foundations, parties, Department of Justice grants, Illinois Criminal Justice Authority grants, local legislature funding opportunities.
- Build through grant funding the foundation of a wireless environment with cameras and technology helping us work smarter. Project Shield cameras and Redspeed cameras are the state of the art wireless video system in our station and our patrol units. This is a Homeland Security initiative.
- 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.
- Institute within statutes, an Administrative Tow fee structure in conjunction with local adjudication hearings.
- Integration of the SWCD and CAPERS reporting data into a GIS system database.
- A Community Service officer position (College student) in the future to free patrol staff to focus on patrol, enforcement and prevention.
- Maintaining financial viability through shared sacrifices unilaterally within the organization.

***PUBLIC WORKS DEPARTMENT  
Goals and Projects FY 2011***

***Fund 01 - 24 – Public Works***

- Undertake supervision of MFT Road Resurfacing Project.
- Continue to participate in Tree Body USA and growth award requirements.
- Develop Emerald Ash Borer Policy and enter into Illinois Department of Agriculture Compliance Agreement.
- Develop Tree Specifications Manual.
- Update Tree Keeper inventory program listings.
- Continue program to plant trees and shrubs on Village property, right of ways, and easements.
- Improve departmental record keeping.
- Continue to maintain and repair Village streets.
- Develop Storm Water Utility for Council Consideration.
- Improve Health and Safety within Division in accordance with IRMA.

**Fund 01 - 27 – Public Grounds/Public Buildings**

- Seal parking lot at Recreation Department building.
- Add playground mulch to comply with safety standards.
- Continue to maintain and repair public grounds and buildings.

**Fund 23 – ½ % Sales Tax**

- Undertake engineering for ARRA Resurfacing Projects on 127th and 121st Streets.
- Undertaking engineering for 80th Avenue CMAQ Sidewalk Project.
- Contribute over 60% of fund to Road Resurfacing Project (to include Hillside Circle repaving project).
- Address 21 drainage problems.
- Comply with FY12 street signage and retro-reflectivity.

**Fund 24 – Motor Fuel Tax**

- Install new test material (Safelane) as part of resurfacing of Hillside Circle under MFT Road Project.
- Continue to maximize annual MFT repaving projects.
- Provide stone should placement in conjunction with resurfacing to reduce costs.
- Work with Administrator on Phase I engineering and paving improvements of MWRD park site.
- Implement the 2010/2011 Motor Fuel Tax (MFT) road projects.
- Continue to maintain streets including snow and ice control.
- Purchase operating tools for streets and drainage projects.

**Fund 51 – Sewer Fund**

- Maintain Village-wide web based GIS.
- Utilize in-house staff wherever possible to undertake sewer repairs.
- Assess structural internal condition of sewers and link to GIS.
- Utilize part-time mechanic to undertake repairs to vehicles and generators.
- Replace pumps at five lift stations.
- Undertake field work for NPDES to detect illicit discharges.
- Undertake emergency repairs of sewers/manholes identified via televising.
- 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.
- Complete two large street crossing culvert replacements at Forest View Drive, and Timber Lane.
- Implement Storm Water Maintenance Ordinance and Study.
- Continue to monitor on-site sanitary systems in conjunction with IEPA regulations.
- Improve Health and Safety within Division in accordance with IRMA.

### **Fund 52 – Water Fund**

- Oversee construction of a new 500,000 gallon underground reservoir and pump modifications at Pumping Station.
- Maintain Village-wide web based GIS.
- Maintain, inspection, and refurbishment of Village water tower.
- Continue to replace MXU Reading Device.
- Continue to replace older Water Meters.
- Utilize part-time mechanic to undertake repairs to vehicles and generators.
- Utilize in-house staff wherever possible to undertake water main breaks or repairs.
- Undertake painting of hydrants.
- Pay 2nd installment of water tower rehabilitation.
- Undertake leak survey.
- Palos Heights water emergency valve.
- Continue to monitor Cal-Sag water shed.
- Pursue engineering feasibility study of extending Palos Park central water system to the commercial areas on the west side of LaGrange Road.
- Improve Health and Safety within Division in accordance with IRMA.

### **Fund 53 – Commuter Lot Fund**

- Continue to maintain the building and parking lot.

## **RECREATION DEPARTMENT**

### ***Goals and Projects FY 2011***

- 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.
- 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, capitalization policy, investment policy, purchasing policy, capital equipment fund, and a finance and facilities plan. The General Fund policy for fund balance is currently 25% of expenditures reported in the most recent CAFR. Further, we retain a debt service reserve policy to assure adequate cash is on hand for annual governmental debt service payments, which are funded by property taxes. While the revenue from property tax is reliable, the billing schedule, particularly the second installment, has been erratic in recent years.

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

### **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Palos Park for its comprehensive annual financial report for the fiscal year ended April 30, 2010. This was the 12<sup>th</sup> consecutive year that the Village has received this prestigious award. In order to be awarded a Certificate of Achievement, the Village published an easily readable and efficiently organized Comprehensive Annual Financial Report, like the one you are currently reading. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

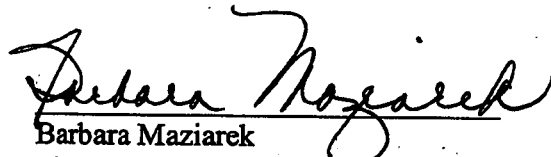
The preparation of the Comprehensive Annual Financial report was made possible by the diligent efforts and dedicated services of the Suzanne Graal and Donna Mateja, the Finance Department staff of the Village of Palos Park. They have our deepest and sincere appreciation for their contributions made in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

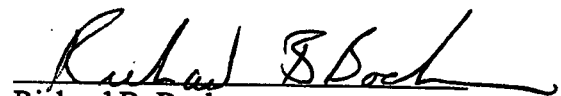
We would also like to thank and extend our appreciation to the Administration Department and the Village's Department Directors. Public Works Director Michael Sibrava, Recreation Director Nicole Marxman, Community Development Director Steve Manning, and Police Chief Joe Miller; all have been instrumental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

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

Respectfully Submitted,

**VILLAGE OF PALOS PARK**

  
Barbara Maziarek  
Finance Director and Treasurer

  
Richard B. Boehm  
Village Manager

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Palos Park  
Illinois

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
April 30, 2010

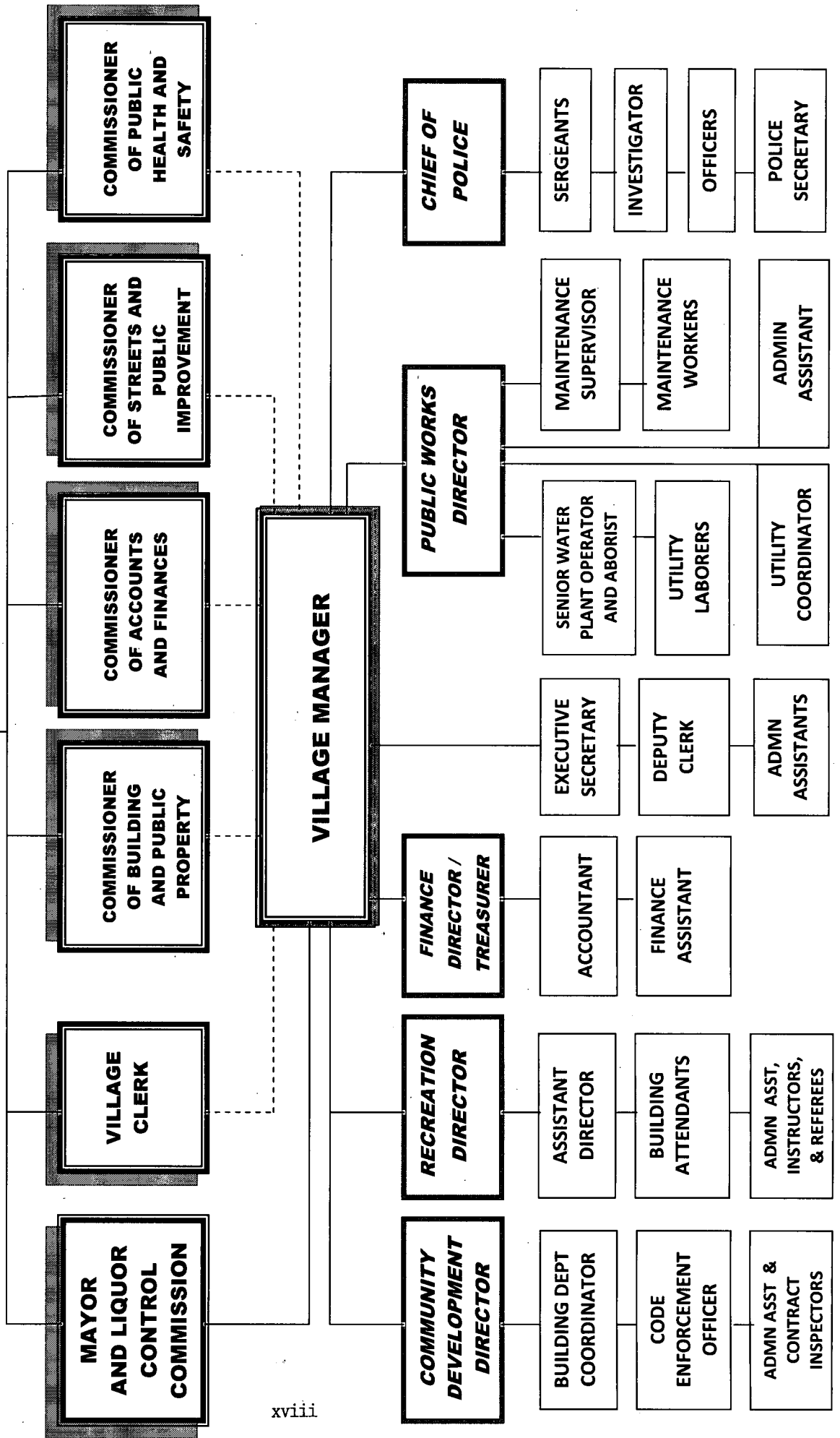
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

VILLAGE RESIDENTS



**INDEPENDENT AUDITOR'S REPORT**



INDEPENDENT AUDITOR'S REPORT

Village of Palos Park, Illinois  
Palos Park, Illinois

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the Village of Palos Park, Illinois, (Village), as of and for the year ended April 30, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Village of Palos Park, Illinois. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Palos Park, Illinois, as of April 30, 2011, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The required supplementary information which includes management's discussion and analysis (pages 3 through 16), budgetary comparison information (pages 57 and 58) and pension and other benefit related information (pages 59 and 60) is not a required part of the basic financial statements but is 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 required 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 basic financial statements of the Village of Palos Park, Illinois. The accompanying information listed as combining and individual fund financial statements and schedules, and supplemental information as listed in the table of contents, is presented for purposes of additional analysis, and is 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 section and statistical information listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Oakbrook Terrace, Illinois  
October 19, 2011

*Wolf & Company LLP*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## VILLAGE OF PALOS PARK, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2011

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, 2011. The MD&A is designed to focus on the current year's activities of the Primary Government, and should be read in conjunction with the Transmittal Letter at the front of this report, and the Village's financial statements which follow this section.

#### **FINANCIAL HIGHLIGHTS**

- **Net asset position and performance in total** – The Village's total net assets at fiscal year-end were \$28,879,253, an increase of \$881,478 during the year.
- **Governmental activity summary** – Net assets for governmental activities increased by \$1,171,533 during the year.
- **Business-type activity summary** – Net assets for business-type activities decreased by \$290,055 during the year.
- **General Fund summary** – The Village's General Fund reported an increase of \$203,097 in fund balance for the year.
- **Budget vs. Actual** – The Village's actual revenues for governmental funds were more than budgeted revenues by \$202,741 while the actual expenditures were more than the total budgeted expenditures by \$104,917.

#### **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.

(See Independent Auditor's Report)

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

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

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

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

(See Independent Auditor's Report)

### **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 Statements, 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

(See Independent Auditor's Report)

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.

(See Independent Auditor's Report)

**FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE**

**NET ASSETS**

The following table reflects the condensed Statement of Net Assets:

**TABLE 1  
STATEMENT OF NET ASSETS FOR FISCAL YEARS 2010 AND 2011  
AS OF APRIL 30, 2011**

	<i>Governmental Activities 2010</i>	<i>Governmental Activities 2011</i>	<i>Business- Type Activities 2010</i>	<i>Business- Type Activities 2011</i>	<i>Total Primary Government 2010</i>	<i>Total Primary Government 2011</i>
<i>Assets:</i>						
<i>Current and Other Assets</i>	\$ 2,826,462	\$ 3,725,626	\$ 1,768,848	\$ 2,121,508	\$ 4,595,310	\$ 5,847,134
<i>Capital Assets</i>	5,052,779	5,024,636	23,318,700	23,469,691	28,371,479	28,494,327
<b><i>Total Assets</i></b>	<b>\$ 7,879,241</b>	<b>\$ 8,750,262</b>	<b>\$ 25,087,548</b>	<b>\$ 25,591,199</b>	<b>\$ 32,966,789</b>	<b>\$ 34,341,461</b>
<i>Liabilities:</i>						
<i>Other Liabilities</i>	\$ 1,045,602	\$ 958,780	\$ 926,922	\$ 102,699	\$ 1,972,524	\$ 1,061,479
<i>Long-Term Liabilities</i>	1,977,304	1,763,614	1,019,186	2,637,115	2,996,490	4,400,729
<b><i>Total Liabilities</i></b>	<b>\$ 3,022,906</b>	<b>\$ 2,722,394</b>	<b>\$ 1,946,108</b>	<b>\$ 2,739,814</b>	<b>\$ 4,969,014</b>	<b>\$ 5,462,208</b>
<i>Net Assets:</i>						
<i>Invested in Capital Assets, Net of Related Debt</i>	\$ 3,273,865	\$ 3,466,820	\$ 22,337,788	\$ 20,857,596	\$ 25,611,653	\$ 24,324,416
<i>Restricted</i>	191,552	841,928	-	-	191,552	841,928
<i>Unrestricted</i>	1,390,918	1,719,120	803,652	1,993,789	2,194,570	3,712,909
<b><i>Total Net Assets</i></b>	<b>\$ 4,856,335</b>	<b>\$ 6,027,868</b>	<b>\$ 23,141,440</b>	<b>\$ 22,851,385</b>	<b>\$ 27,997,775</b>	<b>\$ 28,879,253</b>

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.

(See Independent Auditor's Report)

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 increased from \$27,997,775 to \$28,879,253 with an increase in governmental net assets of \$1,171,533; while business-type net assets decreased \$290,055. Net assets of the Village's governmental activities increased \$1,171,533 during the year and ended the year at \$6,027,868. The Village's unrestricted net assets for governmental activities, the part of net assets that can be used to finance daily operations, increased \$328,202 over last year to \$1,719,120.

The net assets of business-type activities decreased \$290,055 during the year and ended the year at \$22,851,385. Unrestricted net assets, available to finance the continuing operation of its business type activities, were \$1,993,789. Business-type activities include water, sewer, and commuter parking lot services. The annual operating cost of these services for FY11 was \$2,550,924.

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 Water and Sewer Funds purchased a truck for both operations of these funds. In this fiscal year, the Water Fund completed construction of an underground reservoir which will contain a two-day water reserve. Construction started during the prior fiscal year, and the total project was expected to cost \$2,073,141 which was paid through a \$1,750,000 bond issuance. The remaining \$323,141 balance was 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, and a brush chipper; as well as, two General Obligation Alternate Revenue Water and Sewer Bonds.

(See Independent Auditor's Report)

**CHANGES IN NET ASSETS**

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

**TABLE 2  
CHANGES IN NET ASSETS FOR FISCAL YEARS 2010 AND 2011  
FOR THE FISCAL YEAR ENDED APRIL 30, 2011**

	<b>Governmental Activities 2010</b>	<b>Governmental Activities 2011</b>	<b>Business- Type Activities 2010</b>	<b>Business- Type Activities 2011</b>	<b>Total Primary Government 2010</b>	<b>Total Primary Government 2011</b>
<b>REVENUES</b>						
<i>Program Revenues:</i>						
<i>Charges for</i>						
<i>Services</i>	\$ 1,300,440	\$ 2,016,652	\$ 2,012,608	\$ 2,250,995	\$ 3,313,048	\$ 4,267,647
<i>Operating Grants</i>	128,535	154,832	-	2,358	128,535	157,190
<i>Capital Grants</i>	14,020	-	-	-	14,020	-
<i>General Revenues:</i>						
<i>Property Taxes</i>	1,179,055	1,232,400	-	-	1,179,055	1,232,400
<i>Sales Taxes</i>	785,862	836,166	-	-	785,862	836,166
<i>Utility Taxes</i>	554,177	547,238	-	-	554,177	547,238
<i>Income Taxes</i>	372,418	365,586	-	-	372,418	365,586
<i>Other</i>	179,842	239,702	-	-	179,842	239,702
<i>Investment Income</i>	5,403	13,018	3,894	7,516	9,297	20,534
<i>Other</i>	41,283	20,233	71,345	-	112,628	20,233
<b>Total Revenues</b>	<b>4,561,035</b>	<b>5,425,827</b>	<b>2,087,847</b>	<b>2,260,869</b>	<b>6,648,882</b>	<b>7,686,696</b>
<b>EXPENSES</b>						
<i>General Government</i>	777,949	675,072	-	-	777,949	675,072
<i>Public Safety</i>	1,873,156	1,861,070	-	-	1,873,156	1,861,070
<i>Public Works</i>	578,961	537,325	-	-	578,961	537,325
<i>Building and Public   Grounds</i>	596,335	568,127	-	-	596,335	568,127
<i>Culture and   Recreation</i>	309,727	280,567	-	-	309,727	280,567
<i>Solid Waste</i>	263,727	276,741	-	-	263,727	276,741
<i>Water</i>	-	-	1,543,690	1,656,522	1,543,690	1,656,522
<i>Sewer</i>	-	-	837,692	817,699	837,692	817,699
<i>Commuter Lot</i>	-	-	72,485	76,703	72,485	76,703
<i>Interest</i>	76,830	55,392	-	-	76,830	55,392
<b>Total Expenses</b>	<b>4,476,685</b>	<b>4,254,294</b>	<b>2,453,867</b>	<b>2,550,924</b>	<b>6,930,552</b>	<b>6,805,218</b>
<b>Change in Net Assets</b>	<b>84,350</b>	<b>1,171,533</b>	<b>(366,020)</b>	<b>(290,055)</b>	<b>(281,670)</b>	<b>881,478</b>
<b>Beginning Net Assets</b>	<b>4,771,985</b>	<b>4,856,335</b>	<b>23,507,460</b>	<b>23,141,440</b>	<b>28,279,445</b>	<b>27,997,775</b>
<b>Ending Net Assets</b>	<b>\$ 4,856,335</b>	<b>\$ 6,027,868</b>	<b>\$ 23,141,440</b>	<b>\$ 22,851,385</b>	<b>\$ 27,997,775</b>	<b>\$ 28,879,253</b>

(See Independent Auditor's Report)

## **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 (2.70% for the 2010 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 increased (the CPI-U was 2.70%) at the end of FY11 compared to the end of FY10's CPI-U of 0.10% - the increase was attributable to a modest trend of inflation 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 20 years service costs have been rising more rapidly than most of the commodities found in the CPI, but recently a certain commodity, fuel,

(See Independent Auditor's Report)

has risen rapidly. Both of these trends are not in municipalities' favor. Over a ten year period concluding at the end of calendar 2009 the CPI increased a cumulative 24.6 points or 0.3%; while the MPI increased a whopping 40.3 points or 1.8%. These dramatic increases in costs, without a corresponding increase in revenues, have forced municipalities, including the Village of Palos Park, to make difficult choices in the past ten years.

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

## **Current Year Impacts -- Changes in Net Assets**

### **Governmental Activities**

**Revenues:** Overall total revenues in FY11 increased by a net amount of \$864,792; however, no capital grants were posted in the fiscal year. Revenues increased in all operating categories except for Utility Taxes, Income Taxes, and Other Income during the fiscal year. Revenues from governmental activities totaled \$5,425,827 (\$2,016,652 for Charges for Services; \$154,832 for Operating Grants, and \$3,254,343 for General Revenues). Property taxes were one of the Village's largest sources of revenue at \$1,232,400, an increase of 4.52% over FY10. Sales tax revenue increased by 6.40% to \$836,166, or \$50,304 more than FY10. Utility taxes in FY11 decreased to \$547,238, 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 \$471,279 or 0.79%, due to the continued decline in housing development; as well as, general investment activity in the maintenance of home improvements. State income taxes payments decreased 1.83% to an annual total of \$365,586 while per capita increased to \$78.02 from \$75.85 in FY11. Continued State of Illinois financial problems contribute to decrease in income tax payments. Other revenue sources have experienced minor increases, again reflecting the continued slow down in the economy.

**Expenses:** Expenses for governmental activities totaled \$4,254,294, representing a 4.97% decrease from the previous fiscal year. Some of the more notable decreases in spending are as follows: Wages decreased by 5.89% due to wages being frozen and hiring delays of vacant positions, while Benefits increased 21.87%. Legal Fees increased 5.15% to \$125,951, Other Contractual Services decreased 2.89% to \$722,542, Commodities decreased 25.15% to \$236,431, and Insurance increased 30.77% to \$91,560 in this fiscal year. Modest increases in departmental expenses in Solid Waste; while General Government, Public Safety, Public Works, Building, Public Grounds, and Recreation Departments noted decreases in departmental expenditures during the fiscal year.

(See Independent Auditor's Report)

**Business-Type Activities**

**Revenue:** Revenue from business-type activities totaled \$2,260,869 (\$2,250,995 Charges for Services, \$2,358 in Operating Grants, and \$7,516 from Investment Income) representing an increase of \$173,022 over the previous fiscal year. Fiscal Year 2011 saw the water and sewer rate adjustment in the summer of 2011; as well as, the issuance of general obligation bonds for the construction and completion of an underground water project.

**Expenses:** Expenses for business-type activities totaled \$2,550,924, a \$97,057 increase over the previous fiscal year. In the fiscal year, Personnel expenses increased by only \$1,450; in addition, water purchases increased by 5.46% to \$363,872, again because of increased usage by residents during the summer of 2010 and to fill the underground reservoir. As mentioned before, the budget had projected that an underground water storage tank would be constructed, that project was completed during the fiscal year. The Commuter Lot Fund saw a full year of operation as the expenditures for utilities have stabilized. The Village continues to provide additional landscaping and plantings after taking control of the station from Metra.

**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS**

For the fiscal year ended April 30, 2011, the Governmental Funds reflect a combined fund balance of \$2,709,520, an increase of \$951,003, or 54.08%, over the prior fiscal year. Total revenues for the General Fund were more than the budgeted revenues by \$202,741, or 4.92%. A majority of that revenue increase can be attributed to property tax collections, fees by agreement, and forfeiture income. Operating expenditures were higher than projected in the budget by \$104,917 as departmental expenditures increased during the fiscal year. Modest increases in departmental expenses were noted in the General Government, Public Safety, and Solid Waste; while, Public Affairs, Finance, Public Works, Building, Public Grounds, and Recreation noted decreases in departmental spending. General Government expenditures increased by \$2,487; while Public Safety increased by \$41,427 during fiscal year 2011.

The General Fund ending fund balance at April 30, 2011 was \$1,184,173, an increase of \$203,097. A healthy General Fund balance ensures that the Village has sufficient reserves to cover any future revenue shortfalls or emergency spending; such as, the major flooding that occurred in 1996, when the Village utilized available fund balance to quickly replace several bridges that washed out. Additionally, a healthy fund balance is sufficient to allow for short-term cash flow aberrations like Cook County sending out property tax bills later than normal. At the close of the fiscal year, the unreserved, undesignated fund balance was equal to 27.66% of the budgeted expenditures for the fiscal year. 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, it is worth keeping an eye on.

(See Independent Auditor's Report)

**TABLE 3  
GENERAL FUND BUDGETARY HIGHLIGHTS**

<i>General Fund</i>	<i>FY11 Budget</i>	<i>FY11 Actual</i>	<i>FY10 Actual</i>	<i>FY09 Actual</i>	<i>FY08 Actual</i>
<i>Revenues:</i>					
<i>Taxes</i>	\$ 2,828,035	\$ 3,045,245	\$ 2,919,498	\$ 2,944,505	\$ 2,952,001
<i>Licenses &amp; Permits</i>	493,156	471,279	467,581	482,959	653,044
<i>Intergovernmental</i>	12,000	15,846	15,823	95,575	26,994
<i>Other</i>	785,850	789,412	737,543	785,585	895,238
<b><i>Total</i></b>	<b>4,119,041</b>	<b>4,321,782</b>	<b>4,140,445</b>	<b>4,308,624</b>	<b>4,527,277</b>
<i>Expenditures:</i>					
<i>Current</i>	(3,795,733)	(3,900,708)	(3,990,964)	(4,092,084)	(4,166,766)
<i>Capital Outlay</i>	(950)	(855)	(855)	(54,267)	(114,438)
<i>Debt Service</i>	(267,085)	(267,122)	(272,502)	(296,305)	(366,641)
<b><i>Total</i></b>	<b>(4,063,768)</b>	<b>(4,168,685)</b>	<b>(4,264,321)</b>	<b>(4,442,656)</b>	<b>(4,647,845)</b>
<i>Other Financing Sources (Uses)</i>					
<i>Transfers In</i>	90,000	90,000	71,276	13,700	66,358
<i>Transfers Out</i>	(40,000)	(40,000)	(103,022)	(110,872)	(56,000)
<i>Issuance of Installment Notes</i>	-	-	64,216	31,316	-
<i>Proceeds from Sale of Assets</i>	-	-	1,259	7,862	3,239
<b><i>Total Other Financing Sources (Uses)</i></b>	<b>50,000</b>	<b>50,000</b>	<b>33,729</b>	<b>(57,994)</b>	<b>13,597</b>
<b><i>Net Change in Fund Balance</i></b>	<b>\$ 105,273</b>	<b>\$ 203,097</b>	<b>\$ (90,147)</b>	<b>\$ (192,026)</b>	<b>\$ (106,971)</b>

Actual General Fund revenues were larger than originally budgeted revenues by \$202,741 for the fiscal year. The actual expenditures were less than the actual revenue by \$153,097. Notable differences between the budget and actual numbers for Revenues, Expenditures, and Other Financing Sources are explained below.

Increases in actual collections of property taxes, sales tax, income tax, utility tax, other, intergovernmental, fines and forfeitures, investment, and miscellaneous were noted in this fiscal year. However, modest decreases in licenses, permits, inspections, charges for services, and fees by agreement are indicated in the fiscal year. The revenue collections were conservatively budgeted in FY11 as a result of the continued slowing economy.

General Fund expenditures were \$104,917 more than anticipated, as a result of higher insurance, legal fees and benefits. Tighter controls on spending and a decrease in departmental expenses as a result of the slowing economy were expected; however, the general government, public safety, and solid waste expenditures were only \$41,941, \$117,091, and \$6,065, respectively, over budget in the fiscal year. Reduction in spending for finance, public works, building, public grounds, and recreation were noted in General Fund expenditures for the fiscal year.

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of Fiscal Year 2011, the Village had a total of capital assets in the amount of \$28,494,327 invested in a broad range of capital assets including land, land improvements, buildings, vehicles, machinery and equipment, furniture and fixtures, streets, water mains, storm sewers, and sanitary sewer lines. For more detailed information on capital assets, refer to Notes to Financial Statements #5: *Capital Assets* in the basic financial statements.

**TABLE 4  
NET CAPITAL ASSETS  
AS OF APRIL 30, 2011 AND 2010**

	<i>Governmental Activities 2010</i>	<i>Governmental Activities 2011</i>	<i>Business- Type Activities 2010</i>	<i>Business- Type Activities 2011</i>	<i>Total Primary Government 2010</i>	<i>Total Primary Government 2011</i>
<b>Non-Depreciable Assets</b>						
Land	\$ 1,598,500	\$ 1,698,500	\$ 20,000	\$ 20,000	\$ 1,618,500	\$ 1,718,500
Construction in Progress	-	-	1,038,800	-	1,038,800	-
<b>Depreciable Capital Assets</b>						
Infrastructure	300,000	300,000	33,300,245	35,367,719	33,600,245	35,667,719
Buildings and Improvements	3,862,500	3,862,500	-	-	3,862,500	3,862,500
Equipment and Vehicles	810,243	848,543	43,660	80,960	853,903	929,503
Accumulated Depreciation on Capital Assets	(1,518,464)	(1,684,907)	(11,084,005)	(11,998,988)	(12,602,469)	(13,683,895)
<b>Total Assets</b>	<b>\$ 5,052,779</b>	<b>\$ 5,024,636</b>	<b>\$ 23,318,700</b>	<b>\$ 23,469,691</b>	<b>\$ 28,371,479</b>	<b>\$ 28,494,327</b>

As seen above, there was no new Construction-in-Progress in FY11; however, the Water Fund completed construction of an underground reservoir. A parcel of land was donated to the Village. A new vehicle was purchased for Public Safety; one dump truck was purchased for Public Works, as well as a truck for water and sewer operations.

(See Independent Auditor's Report)

## **Debt Outstanding**

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

- In 2000, the Village issued a \$1,845,000 installment contract for the construction of the Kaptur Administrative Center. In January 2010, the Village refunded this installment contract and issued \$1,055,000 Series 2010 refunding certificates, payable in annual installments until December 2014. As of April 30, 2011, the balance was \$855,000.
- In 2002, the Village issued a \$300,000 installment contract for the purchase of the residence immediately adjacent to the Kaptur Administrative Center. As of April 30, 2011, the balance was \$141,000.
- In the fall of 2006, the Village issued a \$570,000 installment contract for \$30,000 for the purchase of property for a future park. As of April 30, 2011, the balance was \$495,000.
- In the month of August 2008, the Village issued one installment contract in the amount of \$31,316 for the purchase of a brush chipper. As of April 30, 2011, there is a \$15,514 balance on this contract.
- In November 2009, the Village entered into an installment purchase contract for \$30,000 for the purchase of computers. As of April 30, 2011, there is an \$18,035 balance on this contract.
- In October 2010, the Village entered into an installment purchase contract for \$37,300 for the purchase of a dump truck. As of April 30, 2011, there is a \$33,895 balance on this contract.
- The Village's Water Fund has bonds payable related 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, 2011 was \$283,201.
- In FY05, the Village issued \$450,000 Series 2005 General Obligation Alternate Revenue Bonds for the extension of water and sewer along certain areas of LaGrange Road and the area of 131<sup>st</sup> 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, 2011 the combined principal balance remaining was \$605,000.
- In FY10, the Village issued \$1,750,000 Series 2010 General Obligation Alternative Revenue Bonds to finance the construction of an underground reservoir. The principal balance as of April 30, 2011 was \$1,690,000.

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 \$25,511,830. The Village's total general obligation debt of \$605,000 is well within the limit. See Notes to Financial Statements #6: *Long-Term Debt* for additional information regarding the long-term debt of the Village.

(See Independent Auditor's Report)

## ***ECONOMIC FACTORS***

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

The Village's 2010 Tax Year Equalized Assessed Value (EAV) for property taxes payable in 2011 increased by 1.97% over the 2009 EAV, which is considerably less than the 8.05% increase experienced in the previous year (2009) but still less than the 17.21% increase experienced the year before for the 2008 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.

The Consumer Price Index for the Chicago-Gary-Kenosha area was 3.9% for April 2011; a figure above the national average of 3.2%. 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. At the time of the last census survey, there were 1,852 total housing units in the Village of Palos Park.

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

## ***CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT***

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. This report and others may be found on the Village's website: [www.palospark.org](http://www.palospark.org) Questions concerning this report or requests for additional financial information should be directed to Barbara Maziarek, Finance Director and Treasurer, Village of Palos Park, 8999 W. 123rd Street, Palos Park, Illinois 60464 or [bmaziarek@palospark.org](mailto:bmaziarek@palospark.org)

(See Independent Auditor's Report)

## **BASIC FINANCIAL STATEMENTS**

VILLAGE OF PALOS PARK, ILLINOIS

Statement of Net Assets

April 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Palos Park Public Library
<b>Assets</b>				
Cash and Cash Equivalents	\$ 2,117,751	1,721,272	3,839,023	655,466
Investments	238,794	102,340	341,134	
Receivables, Net of Allowance Where Applicable				
Accounts		243,378	243,378	
Property Taxes	661,272		661,272	216,706
State Sales Tax	241,935		241,935	
Grants		2,358	2,358	4,798
Other	305,681		305,681	
Motor Fuel Tax Allotments	13,898		13,898	
Due from Component Unit	9,469		9,469	
Prepaid Expenses	60,215	14,009	74,224	
Deferred Charges	27,372		27,372	
Net Pension Asset	49,239		49,239	
Capital Assets Not Being Depreciated	1,698,500	20,000	1,718,500	10,700
Capital Assets Being Depreciated, Net of Accumulated Depreciation	3,326,136	23,449,691	26,775,827	204,206
Bond Issuance Costs		38,151	38,151	
<b>Total Assets</b>	<b>8,750,262</b>	<b>25,591,199</b>	<b>34,341,461</b>	<b>1,091,876</b>
<b>Liabilities</b>				
Accounts Payable	270,013	59,620	329,633	
Wages Payable	37,913	7,618	45,531	3,223
Deposits Payable	5,993		5,993	
Due to Primary Government				9,469
Accrued Interest	19,285	35,461	54,746	
Unearned Revenue	625,576		625,576	205,486
Long-Term Liabilities				
Due Within One Year	377,867	177,981	555,848	5,297
Due in More Than One Year	1,385,747	2,459,134	3,844,881	
<b>Total Liabilities</b>	<b>2,722,394</b>	<b>2,739,814</b>	<b>5,462,208</b>	<b>223,475</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	3,466,820	20,857,596	24,324,416	214,906
Restricted for				
Public Safety	604,296		604,296	
Public Works	188,904		188,904	
Culture and Recreation	48,728		48,728	653,495
Unrestricted	1,719,120	1,993,789	3,712,909	
<b>Total Net Assets</b>	<b>\$ 6,027,868</b>	<b>22,851,385</b>	<b>28,879,253</b>	<b>868,401</b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF PALSO PARK, ILLINOIS**

Statement of Activities

Year Ended April 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants
<b>Governmental Activities</b>				
General Government	\$ 675,072	467,002		
Public Safety	1,861,070	843,639	15,846	
Public Works	537,325	9,852	138,986	
Building and Public Grounds	568,127	230,715		
Culture and Recreation	280,567	161,816		
Solid Waste	276,741	303,628		
Interest	55,392			
Total Governmental Activities	4,254,294	2,016,652	154,832	-
<b>Business-Type Activities</b>				
Water	1,656,522	1,671,072	1,745	
Sewer	817,699	497,818	613	
Commuter Lot	76,703	82,105		
Total Business-Type Activities	2,550,924	2,250,995	2,358	-
Total Primary Government	\$ 6,805,218	4,267,647	157,190	-
<b>Component Unit</b>				
Palos Park Public Library	\$ 392,896	19,411	4,798	

General Revenues

- Taxes
  - Property
  - Sales
  - Income
  - Utility
  - Other
- Investment Income
- Miscellaneous

Total General Revenues

Change in Net Assets

- Net Assets
  - Beginning
  - Ending

See accompanying Notes to the Financial Statements.

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-Type Activities	Total	Component Unit
(208,070)		(208,070)	
(1,001,585)		(1,001,585)	
(388,487)		(388,487)	
(337,412)		(337,412)	
(118,751)		(118,751)	
26,887		26,887	
(55,392)		(55,392)	
(2,082,810)	-	(2,082,810)	-
	16,295	16,295	
	(319,268)	(319,268)	
	5,402	5,402	
-	(297,571)	(297,571)	-
(2,082,810)	(297,571)	(2,380,381)	-
			(368,687)
1,232,400		1,232,400	365,926
836,166		836,166	
365,586		365,586	
547,238		547,238	
239,702		239,702	5,579
13,018	7,516	20,534	8,835
20,233		20,233	2,551
3,254,343	7,516	3,261,859	382,891
1,171,533	(290,055)	881,478	14,204
4,856,335	23,141,440	27,997,775	854,197
6,027,868	22,851,385	28,879,253	868,401

**VILLAGE OF PALOS PARK, ILLINOIS**

Balance Sheet - Governmental Funds

April 30, 2011

	General Fund	Police Forfeiture Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$ 671,536	610,596	835,619	2,117,751
Investments	238,794			238,794
Receivables (Net, Where Applicable of Allowance for Uncollectibles)				
Property Taxes	661,272			661,272
State Sales Tax	165,791		76,144	241,935
Other	305,681			305,681
Motor Fuel Tax Allotments			13,898	13,898
Due from Component Unit	9,469			9,469
Prepaid Items	60,215			60,215
<b>Total Assets</b>	<b>\$ 2,112,758</b>	<b>610,596</b>	<b>925,661</b>	<b>3,649,015</b>
<b>Liabilities</b>				
Accounts Payable	\$ 259,103	6,300	4,610	270,013
Deposits Payable	5,993			5,993
Wages Payable	37,913			37,913
Deferred Revenue	625,576			625,576
<b>Total Liabilities</b>	<b>928,585</b>	<b>6,300</b>	<b>4,610</b>	<b>939,495</b>
<b>Fund Balances</b>				
Reserved for Prepaid Items	60,215			60,215
Reserved for Public Safety		604,296		604,296
Reserved for Public Works			188,904	188,904
Reserved for Culture and Recreation			48,728	48,728
Unreserved				
Undesignated				
General	1,123,958			1,123,958
Special Revenue			48,281	48,281
Capital Projects			635,138	635,138
<b>Total Fund Balances</b>	<b>1,184,173</b>	<b>604,296</b>	<b>921,051</b>	<b>2,709,520</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,112,758</b>	<b>610,596</b>	<b>925,661</b>	<b>3,649,015</b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF PALOS PARK, ILLINOIS**

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

April 30, 2011

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Total Fund Balances - Governmental Funds	\$ 2,709,520
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.	5,024,636
Deferred charges is reported as an asset on the Statement of Net Assets.	27,372
The net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds.	38,258
Accrued interest is not due and payable in the current period and, therefore, not reported in the governmental funds.	(19,285)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Installment contracts	(1,558,443)
Loss on refunding of long-term debt is reported as a liability on the Statement of Net Assets.	10,393
Unamortized premium on long-term debt is reported as a liability in the Statement of Net Assets.	(9,766)
Compensated absences payable is not due and payable in the current period and, therefore, is not reported in governmental funds.	<u>(194,817)</u>
Net Assets of Governmental Activities	<u>\$ 6,027,868</u>

See accompanying Notes to the Financial Statements.

**VILLAGE OF PALOS PARK, ILLINOIS**

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

Year Ended April 30, 2011

	General Fund	Police Forfeiture Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$ 1,232,400			1,232,400
Other Taxes	1,812,845		175,847	1,988,692
Licenses, Permits and Fees	471,279			471,279
Intergovernmental	15,846		147,564	163,410
Charges for Services	24,672		15,792	40,464
Fees by Agreement	652,044			652,044
Fines and Forfeits	81,020	763,267		844,287
Investment Income	10,940	899	1,179	13,018
Miscellaneous	20,736		(503)	20,233
<b>Total Revenues</b>	<b>4,321,782</b>	<b>764,166</b>	<b>339,879</b>	<b>5,425,827</b>
<b>Expenditures</b>				
<b>Current</b>				
General Government	674,934			674,934
Public Safety	1,816,639	46,580		1,863,219
Public Works	417,235		91,918	509,153
Building and Public Grounds	461,543		106,584	568,127
Culture and Recreation	253,616		19,080	272,696
Solid Waste	276,741			276,741
Capital Outlay	855	33,160		34,015
Debt Service				
Principal	235,150		23,405	258,555
Interest and Fiscal Charges	31,972		22,712	54,684
<b>Total Expenditures</b>	<b>4,168,685</b>	<b>79,740</b>	<b>263,699</b>	<b>4,512,124</b>
<b>Excess of Revenues over Expenditures</b>	<b>153,097</b>	<b>684,426</b>	<b>76,180</b>	<b>913,703</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	90,000		81,182	171,182
Transfers Out	(40,000)	(90,000)	(41,182)	(171,182)
Loan Proceeds			37,300	37,300
<b>Total Other Financing Sources (Uses)</b>	<b>50,000</b>	<b>(90,000)</b>	<b>77,300</b>	<b>37,300</b>
<b>Net Change in Fund Balances</b>	<b>203,097</b>	<b>594,426</b>	<b>153,480</b>	<b>951,003</b>
<b>Fund Balances</b>				
Beginning	981,076	9,870	767,571	1,758,517
Ending	\$ 1,184,173	604,296	921,051	2,709,520

See accompanying Notes to the Financial Statements.

**VILLAGE OF PALOS PARK, ILLINOIS**

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

Year Ended April 30, 2011

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Net Change in Fund Balances - Total Governmental Funds \$ 951,003

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. 31,553

Governmental funds report capital outlays as expenditures; however,  
they are capitalized and depreciated in the Statement of Activities. 170,910

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. (37,300)

The amortization of bond premiums, issuance costs, and deferred charges  
does not require the use of current financial resources and, therefore, are  
not reported as expenditures in governmental funds. (7,000)

The repayment of long-term debt is reported as an expenditure when due in  
governmental funds but as a reduction of principal outstanding in the  
Statement of Activities. 258,555

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. (199,053)

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 (708)  
Increase in compensated absences 3,573

Change in Net Assets of Governmental Activities \$ 1,171,533

See accompanying Notes to the Financial Statements.

VILLAGE OF PALOS PARK, ILLINOIS

Statement of Net Assets - Proprietary Funds

April 30, 2011

	Business-Type Activities			Total
	Water Fund	Sewer Maintenance Fund	Nonmajor Enterprise Fund	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 1,248,432	446,561	26,279	1,721,272
Investments	102,340			102,340
Accounts Receivable	193,203	50,175		243,378
Intergovernmental Receivable	1,745	613		2,358
Prepaid Expenses	6,837	6,066	1,106	14,009
<b>Total Current Assets</b>	<b>1,552,557</b>	<b>503,415</b>	<b>27,385</b>	<b>2,083,357</b>
<b>Capital Assets</b>				
Capital Assets Not Being Depreciated	20,000			20,000
Capital Assets Being Depreciated, Cost	18,416,295	17,032,384		35,448,679
Less Accumulated Depreciation	(5,857,125)	(6,141,863)		(11,998,988)
<b>Total Capital Assets</b>	<b>12,579,170</b>	<b>10,890,521</b>	<b>-</b>	<b>23,469,691</b>
<b>Other Assets</b>				
Bond Issuance Costs	38,151			38,151
<b>Total Assets</b>	<b>14,169,878</b>	<b>11,393,936</b>	<b>27,385</b>	<b>25,591,199</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable	46,605	8,562	4,453	59,620
Wages Payable	4,781	2,837		7,618
Accrued Interest	30,111	5,350		35,461
Compensated Absences Payable	9,460	3,801		13,261
General Obligation Bond Payable	86,700	33,300		120,000
Special Assessment Bond Payable	37,710			37,710
Other Debt Obligations	3,505	3,505		7,010
<b>Total Current Liabilities</b>	<b>218,872</b>	<b>57,355</b>	<b>4,453</b>	<b>280,680</b>
<b>Noncurrent Liabilities</b>				
Compensated Absences Payable	8,389	3,370		11,759
General Obligation Bond Payable	1,873,556	301,444		2,175,000
Special Assessment Bond Payable	245,491			245,491
Other Debt Obligations	13,442	13,442		26,884
<b>Total Noncurrent Liabilities</b>	<b>2,140,878</b>	<b>318,256</b>	<b>-</b>	<b>2,459,134</b>
<b>Total Liabilities</b>	<b>2,359,750</b>	<b>375,611</b>	<b>4,453</b>	<b>2,739,814</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	10,318,766	10,538,830		20,857,596
Unrestricted	1,491,362	479,495	22,932	1,993,789
<b>Total Net Assets</b>	<b>\$ 11,810,128</b>	<b>11,018,325</b>	<b>22,932</b>	<b>22,851,385</b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF PALOS PARK, ILLINOIS**

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

Year Ended April 30, 2011

	Business-Type Activities			Total
	Water Fund	Sewer Maintenance Fund	Nonmajor Enterprise Fund	
<b>Operating Revenues</b>				
Charges for Services	\$ 1,592,479	478,066	82,105	2,152,650
Sale of Water Meters	7,135			7,135
Other Income	40,368	5,551		45,919
<b>Total Operating Revenues</b>	<b>1,639,982</b>	<b>483,617</b>	<b>82,105</b>	<b>2,205,704</b>
<b>Operating Expenses</b>				
Personnel	326,156	158,318		484,474
Commodities	20,791	30,039	13,230	64,060
Water Purchases	363,872			363,872
Services	393,444	163,363	58,997	615,804
Repairs and Maintenance	26	26	4,476	4,528
Depreciation and Amortization	464,899	451,437		916,336
<b>Total Operating Expenses</b>	<b>1,569,188</b>	<b>803,183</b>	<b>76,703</b>	<b>2,449,074</b>
<b>Operating Income (Loss)</b>	<b>70,794</b>	<b>(319,566)</b>	<b>5,402</b>	<b>(243,370)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Investment Income	6,815	625	76	7,516
Rental Income	32,835			32,835
Tap-on Fees		14,814		14,814
Interest Expense	(87,334)	(14,516)		(101,850)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(47,684)</b>	<b>923</b>	<b>76</b>	<b>(46,685)</b>
Transfers In		10,000		10,000
Transfers Out	(10,000)			(10,000)
	(10,000)	10,000	-	-
<b>Change in Net Assets</b>	<b>13,110</b>	<b>(308,643)</b>	<b>5,478</b>	<b>(290,055)</b>
<b>Net Assets</b>				
May 1	11,797,018	11,326,968	17,454	23,141,440
April 30	\$ 11,810,128	11,018,325	22,932	22,851,385

See accompanying Notes to the Financial Statements.

**VILLAGE OF PALOS PARK, ILLINOIS**

Statement of Cash Flows - Proprietary Funds

Year Ended April 30, 2011

	Business-Type Activities			Total
	Water Fund	Sewer Maintenance Fund	Nonmajor Enterprise Fund	
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers and Users	\$ 1,622,118	483,898	82,105	2,188,121
Payments to Suppliers	(1,615,409)	(209,532)	(74,682)	(1,899,623)
Payments to Employees	(330,403)	(165,720)		(496,123)
	<u>(323,694)</u>	<u>108,646</u>	<u>7,423</u>	<u>(207,625)</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Rental Income	32,835			32,835
Tap-on Fees		14,814		14,814
Transfers In (Out)	(10,000)	10,000		
	<u>22,835</u>	<u>24,814</u>	<u>-</u>	<u>47,649</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition of Capital Assets	(1,028,674)			(1,028,674)
Bond Issuance Costs	(39,505)			(39,505)
Proceeds paid on Long-Term Debt	1,750,000			1,750,000
Principal Paid on Long-Term Debt	(123,813)	(32,303)		(156,116)
Interest Paid on Long-Term Debt	(61,791)	(15,004)		(76,795)
	<u>496,217</u>	<u>(47,307)</u>	<u>-</u>	<u>448,910</u>
<b>Cash Flows from Investing Activities</b>				
Interest Received	6,815	625	76	7,516
Sale of Investments, Net	(4,432)			(4,432)
	<u>2,383</u>	<u>625</u>	<u>76</u>	<u>3,084</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>197,741</b>	<b>86,778</b>	<b>7,499</b>	<b>292,018</b>
<b>Cash and Cash Equivalents</b>				
May 1	1,050,691	359,783	18,780	1,429,254
April 30	<u>\$ 1,248,432</u>	<u>446,561</u>	<u>26,279</u>	<u>1,721,272</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>				
Operating Income (Loss)	\$ 70,794	(319,566)	5,402	(243,370)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Depreciation and Amortization	464,899	451,437		916,336
Changes in Assets and Liabilities				
Receivables	(17,864)	281		(17,583)
Prepaid Expenses	(232)	(206)	(38)	(476)
Accounts Payable	(837,044)	(15,898)	2,059	(850,883)
Accrued Payroll and Compensated Absences	(4,247)	(7,402)		(11,649)
	<u>\$ (323,694)</u>	<u>108,646</u>	<u>7,423</u>	<u>(207,625)</u>
<b>Supplemental Disclosure of Non-cash Capital and Financing Activities</b>				
Purchase of Capital Assets Financed by Debt	\$ 18,650	18,650		37,300

See accompanying Notes to the Financial Statements.

VILLAGE OF PALOS PARK, ILLINOIS

Statement of Fiduciary Net Assets - Fiduciary Funds

April 30, 2011

	Pension Trust	Agency
Assets		
Cash and Cash Equivalents	\$	2,452,497
Investments		
U.S. Treasury Securities	171,295	
U.S. Agency Securities	939,910	
Municipal Bonds	110,870	
Mutual Funds	143,173	
Money Market Mutual Funds	201,790	
Accrued Interest	14,371	
Total Assets	1,581,409	<u>2,452,497</u>
Liabilities		
Due to Bondholders		<u>2,452,497</u>
Net Assets		
Held in Trust for Pension Benefits	<u>\$ 1,581,409</u>	

See accompanying Notes to the Financial Statements.

**VILLAGE OF PALOS PARK, ILLINOIS**

Statement of Changes in Fiduciary Net Assets

Year Ended April 30, 2011

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Additions	
Contributions	
Employer	\$ 194,125
Participants	50,912
	<u>245,037</u>
Investment Income	
Net Appreciation in Fair Value of Investments	31,590
Interest	46,322
Less Investment Expense	(6,176)
	<u>71,736</u>
Total Additions	<u>316,773</u>
Deductions	
Benefits and Refunds	116,586
Administration	2,103
	<u>118,689</u>
Change in Net Assets	198,084
Net Assets	
Beginning	<u>1,383,325</u>
Ending	<u>\$ 1,581,409</u>

See accompanying Notes to the Financial Statements.

# VILLAGE OF PALOS PARK, ILLINOIS

Index to Notes to Financial Statements  
April 30, 2011

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# VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements  
April 30, 2011

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## 1. Summary of Significant Accounting Policies

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

### A. Financial Reporting Entity

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

#### *Palos Park Public Library*

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

### B. Government-wide and Fund Financial Statements

#### *Government-wide Financial Statements*

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

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

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

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

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

## VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements  
April 30, 2011

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### 1. Summary of Significant Accounting Policies (Cont.)

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

##### *Government-wide Financial Statements (Cont.)*

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

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

##### *Fund Financial Statements*

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

The Village administers the following major governmental 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 **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 Village administers the following major proprietary funds:

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

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

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

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

# VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements  
April 30, 2011

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## 1. Summary of Significant Accounting Policies (Cont.)

### C. Measurement Focus and Basis of Accounting and Financial Statement Presentation

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal year, except for sales taxes and communication taxes which use a 90-day period, and income taxes which use a 120-day period.

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

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

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

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

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

### D. Cash and Cash Equivalents

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

### E. Investments

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

# VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements  
April 30, 2011

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## 1. Summary of Significant Accounting Policies (Cont.)

### F. Prepaid Items

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

### G. Capital Assets

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

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

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

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

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

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

### H. Deferred Revenue

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

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

### I. Vacation and Sick Leave

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

# VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

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## 1. Summary of Significant Accounting Policies (Cont.)

### J. Long-Term Obligations

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

### K. Fund Equity

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. Designated fund balances, if any, represent tentative plans for future use of financial resources.

### L. Capital Contributions

Capital contributions reported in governmental activities and proprietary funds and business-type activities represent capital assets donated from outside parties, principally developers.

### M. Accounting Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from these estimates.

### N. Interfund Transactions

The Village has the following types of transactions between funds:

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

## VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

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### 1. Summary of Significant Accounting Policies (Cont.)

#### N. Interfund Transactions (Cont.)

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

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

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

### 2. Fund Equity

All funds had positive fund balances for the year ended April 30, 2011.

### 3. Deposits and Investments

#### A. Village Investments

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

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

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

## VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements  
April 30, 2011

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### 3. Deposits and Investments (Cont.)

#### A. Village Investments (Cont.)

##### *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, 2011:

	Fair Value	Investment Maturities in Years			
		Less Than One Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
U.S. Treasury Obligations	\$ 199,358	56,530		142,828	
U.S. Agency Obligations	141,776	14,225	127,551		
Money Market Mutual Funds	3,149,002	3,149,002			
	<u>\$ 3,490,136</u>	<u>3,219,757</u>	<u>127,551</u>	<u>142,828</u>	<u>-</u>

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

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

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

Concentration of credit risk is the risk that the Village has a high percentage of their investments invested in one type of investment. At April 30, 2011, the Village had greater than 5% of its overall portfolio invested in U.S. Treasury obligations and U.S. agency obligations. The Village's investment policy requires diversification of investment to avoid unreasonable risk. The policy requires that no category of investment should exceed 40% of the total portfolio except for cash equivalents and treasury securities. Further, the portfolio should at no time hold deposits constituting more than 10% of any single financial institution's total deposits.

# VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements  
April 30, 2011

## 3. Deposits and Investments (Cont.)

### B. Police Pension Investments

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

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

#### *Deposits with Financial Institutions*

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Police Pension Fund's deposits may not be returned to it. The Police Pension Fund's investment policy requires pledging of collateral for all investments in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by the Police Pension Fund, an independent third party or the Federal Reserve Bank of Chicago.

#### *Investments*

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of April 30, 2011:

	Fair Value	Investment Maturities in Years			
		Less Than One Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
U.S. Treasury Obligations	\$ 171,295		104,752	66,543	
U.S. Agency Obligations	939,910	184,103	265,634	473,424	16,749
Municipal Bonds	110,870	15,348	21,269	40,864	33,389
Mutual Funds	143,173	143,173			
Money Market Mutual Funds	201,790	201,790			
	<u>\$ 1,567,038</u>	<u>544,414</u>	<u>391,655</u>	<u>580,831</u>	<u>50,138</u>

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

## VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements  
April 30, 2011

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### 3. Deposits and Investments (Cont.)

#### B. Police Pension Investments (Cont.)

##### *Investments (Cont.)*

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 all 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.

Concentration of credit risk is the risk that the Police Pension Fund has a high percentage of their investments invested in one type of investment. The Police Pension Fund's investment policy requires diversification of investments to avoid unreasonable risk. At April 30, 2011, the Police Pension Fund had greater than 5% 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 Pool shall not exceed 50% of the total portfolio. The policy provides no other limits on diversification.

### 4. Property Taxes

The Village's property tax is levied each calendar year on all taxable real property located in the Village. Since the 2011 property tax levy is levied to finance the operations of fiscal year 2011, the 2011 property tax levy is recorded as a receivable and the 2011 property tax revenue is deferred. The 2010 property tax levy is recorded as revenue by the Village in accordance with the applicable measurement focus and basis of accounting for fiscal year 2011. For governmental funds, the Village uses an availability period of 60 days for revenue recognition. The Village must file its tax levy by the last Tuesday of December each year.

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

Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the units their respective share of the collections. Taxes levied in 2010 become due and payable in two installments in March 2011 and August 2011. The owner of real property on January 1 (lien date) in any year is liable for taxes of that year. The allowance for uncollectible taxes has been stated at 3% of the taxes extended to reflect actual collection experience.

# VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements  
April 30, 2011

## 5. Capital Assets

### A. Governmental Activities

A summary of changes in capital assets for governmental activities of the Village for the year ended April 30, 2011 is as follows:

	Balances May 1	Additions	Deletions	Balances April 30
Capital Assets Not Being Depreciated				
Land	\$ 1,598,500	100,000		1,698,500
Capital Assets Being Depreciated				
Infrastructure	300,000			300,000
Buildings and Improvements	3,862,500			3,862,500
Vehicles	810,243	70,910	32,610	848,543
	<u>4,972,743</u>	<u>70,910</u>	<u>32,610</u>	<u>5,011,043</u>
Less Accumulated Depreciation For				
Infrastructure	40,000	10,000		50,000
Buildings and Improvements	971,659	96,562		1,068,221
Vehicles	506,805	92,491	32,610	566,686
	<u>1,518,464</u>	<u>199,053</u>	<u>32,610</u>	<u>1,684,907</u>
Total Capital Assets Being Depreciated, Net	<u>3,454,279</u>	<u>(128,143)</u>	<u>-</u>	<u>3,326,136</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,052,779</u>	<u>(28,143)</u>	<u>-</u>	<u>5,024,636</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

Notes to the Financial Statements  
April 30, 2011

5. Capital Assets (Cont.)

B. Business-Type Activities

A summary of changes in capital assets for business-type activities of the Village for the year ended April 30, 2011 is as follows:

	Balances May 1	Additions	Deletions	Balances April 30
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 20,000			20,000
Construction in Progress	1,038,800	937,047	1,975,847	
	<u>1,058,800</u>	<u>937,047</u>	<u>1,975,847</u>	<u>20,000</u>
<b>Capital Assets Being Depreciated</b>				
Water Distribution System	16,286,511	2,067,474		18,353,985
Sewer Distribution System	17,013,734			17,013,734
Vehicles	43,660	37,300		80,960
	<u>33,343,905</u>	<u>2,104,774</u>	<u>-</u>	<u>35,448,679</u>
<b>Less Accumulated Depreciation For</b>				
Water Distribution System	5,354,870	458,166		5,813,036
Sewer Distribution System	5,690,426	447,707		6,138,133
Vehicles	38,709	9,110		47,819
	<u>11,084,005</u>	<u>914,983</u>	<u>-</u>	<u>11,998,988</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>22,259,900</u>	<u>1,189,791</u>		<u>23,449,691</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$ 23,318,700</u>	<u>2,126,838</u>	<u>1,975,847</u>	<u>23,469,691</u>

C. Depreciation Charged to Functions/Activities

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

General Government	\$ 84,875
Public Safety	29,835
Public Works	76,472
Culture and Recreation	<u>7,871</u>
<b>Total Governmental Activities</b>	<u>\$ 199,053</u>
Water	\$ 463,546
Sewer	<u>451,437</u>
<b>Total Business-Type Activities</b>	<u>\$ 914,983</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

Notes to the Financial Statements  
April 30, 2011

6. Long-Term Obligations

A. Installment Contracts Payable

The Village has outstanding installment contracts payable at April 30, 2011:

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

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

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

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

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

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

Changes in installment contracts for the year ended April 30, 2011 are as follows:

	Fund Debt Retired By	Balances May 1	Issuances	Retirements	Balances April 30	Current Portion
Series 2002 Certificates	General	\$ 161,000		20,000	141,000	21,000
Series 2006 Certificates	Land Acquisition and Recreation	515,000		20,000	495,000	25,000
2008 Installment Purchase Contract	General	21,117		5,603	15,514	6,453
2010 Refunding Certificates	General	1,055,000		200,000	855,000	205,000
2009 Installment Purchase Contract	General	27,581		9,547	18,034	10,150
2010 Installment Purchase Contract	1/2% Sales Tax		37,300	3,405	33,895	7,011
		<u>\$ 1,779,698</u>	<u>37,300</u>	<u>258,555</u>	<u>1,558,443</u>	<u>274,614</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

Notes to the Financial Statements  
April 30, 2011

6. Long-Term Obligations (Cont.)

B. Debt Service Requirements to Maturity

Fiscal Year Ending April 30	Installment Contracts	
	Principal	Interest
2012	\$ 274,614	50,390
2013	278,954	43,169
2014	272,889	36,202
2015	281,910	28,441
2016	59,076	19,221
2017-2021	186,000	65,862
2022-2026	205,000	27,600
	<u>\$ 1,558,443</u>	<u>270,885</u>

C. Changes in Long-Term Liabilities

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

	Balances May 1	Issuances	Retirements	Balances April 30	Current Portion
Installment Contracts Payable	\$ 1,779,698	37,300	258,555	1,558,443	274,614
Less Deferred Items					
Premium on Installment Contracts	12,207		2,441	9,766	
Loss on Refunding	(12,991)		(2,598)	(10,393)	
Compensated Absences Payable*	198,390	26,186	29,759	194,817	103,253
Net Pension Obligation		10,981		10,981	
Total Governmental Long-Term Liabilities	<u>\$ 1,977,304</u>	<u>74,467</u>	<u>288,157</u>	<u>1,763,614</u>	<u>377,867</u>

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

**VILLAGE OF PALOS PARK, ILLINOIS**

Notes to the Financial Statements  
 April 30, 2011

6. Long-Term Obligations (Cont.)

D. Proprietary Debt

The Village has issued a number of special assessments bonds payable as noted below. The public benefit portion of two of the special assessment bonds payable are payable from the Water Fund. Special Assessment 96-1A has a remaining public benefit portion of \$75,504 at April 30, 2011. Special Assessment 96-1B has a remaining public benefit portion of \$207,697 at April 30, 2011. Debt service to maturity on these two obligations is as follows:

Fiscal Year Ending April 30	Public Benefit Special Assessments	
	Principal	Interest
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
2017-2019	94,651	8,395
	<u>\$ 283,201</u>	<u>58,164</u>

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

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

The Village issued \$1,750,000 Series 2010 General Obligation Alternative Revenue Bonds, dated May 25, 2010, to finance construction of an underground water reservoir, payable in annual installments of \$60,000 to \$360,000 each December 1 through December 1, 2029, with interest payable semi-annually of 2.50% to 4.30%.

**VILLAGE OF PALOS PARK, ILLINOIS**

Notes to the Financial Statements  
April 30, 2011

6. Long-Term Obligations (Cont.)

D. Proprietary Debt (Cont.)

Debt service to maturity on these bonds is as follows:

Fiscal Year Ending April 30	Alternate Revenue Bonds	
	Principal	Interest
2012	\$ 120,000	85,105
2013	120,000	81,550
2014	130,000	77,920
2015	135,000	73,788
2016	140,000	69,473
2017-2021	685,000	273,214
2022-2026	495,000	162,643
2027-2030	470,000	51,435
	<u>\$ 2,295,000</u>	<u>875,128</u>

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

Fiscal Year Ending April 30	Installment Contract	
	Principal	Interest
2012	\$ 7,010	1,305
2013	7,301	1,015
2014	7,599	716
2015	7,910	406
2016	4,074	83
	<u>\$ 33,894</u>	<u>3,525</u>

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

	Balances May 1	Issuances	Retirements	Balances April 30	Current Portion
Special Assessments Payable	\$ 320,912		37,711	283,201	37,710
Alternate Revenue Bonds Payable	660,000	1,750,000	115,000	2,295,000	120,000
Installment Contract		37,300	3,406	33,894	7,010
Compensated Absences Payable	38,274		13,254	25,020	13,261
Total Business-Type Long-Term Liabilities	<u>\$ 1,019,186</u>	<u>1,787,300</u>	<u>169,371</u>	<u>2,637,115</u>	<u>177,981</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

Notes to the Financial Statements  
April 30, 2011

6. Long-Term Obligations (Cont.)

E. Special Assessment Bonds

Special assessment bonds outstanding as of April 30, 2011 totaled \$3,386,081. Other than the public benefit portion of the special assessments discussed above, these bonds are not an obligation of the Village and are secured by the levy of special assessments on the real property within the special assessment area. The Village is in no way liable for repayment but is only acting as agent for the property owners in levying and collecting the assessments and forwarding the collections to bondholders.

7. Segment Information

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

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

8. Interfund Transactions

A. Interfund Balances

Receivable Fund	Payable Fund	Amount
<b><u>Due to/from Other Funds</u></b>		
General	Component Unit Library Fund	\$ 9,469

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

B. Transfers

Receiving Fund	Transferring Fund	Amount
General	Special Revenue Police Forfeiture	\$ 90,000
Nonmajor Governmental Funds		
Capital Projects		
- Capital Improvements	General	40,000
Special Revenue		
- Land Acquisiton and Recreation	Nonmajor Special Revenue - Exaction Fee	41,182
Enterprise		
Sewer Maintenance Fund	Enterprise Water Fund	10,000
		<u>\$ 181,182</u>

## VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements  
April 30, 2011

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### 8. Interfund Transactions (Cont.)

#### B. Transfers (Cont.)

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

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

\$41,182 transferred from the Special Revenue - Exaction Fund to the Special Revenue - Land Acquisition and Recreation Fund. This relates to payment of debt service. This transfer will not be repaid.

### 9. Defined Benefit Pension Plans

#### A. Illinois Municipal Retirement

##### *Plan Description*

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

##### *Funding Policy*

Employees participating in the IMRF plan are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The Village is required to contribute the remaining amounts necessary to fund the benefits of its own employees in the system using an actuarially determined rate. The employer's contribution rate used by the Village for calendar year 2010 was 12.07%. The employer annual required contribution rate for calendar year 2010 was 12.85%. The Village's rate for calendar year 2009 was 9.31%.

For 2010 and 2011, IMRF offered members the option of paying less than the annual required contribution. The Village elected this option for both years. As such, the Village has a net pension obligation at April 30, 2011.

## VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements  
April 30, 2011

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### 9. Defined Benefit Pension Plans (Cont.)

#### A. Illinois Municipal Retirement (Cont.)

##### *Annual Pension Cost, Net Pension Obligation and Actuarial Assumptions*

For calendar year 2010, the Village's actual contributions were \$169,918. The annual pension cost was \$180,899 and was equal to the Village's required contributions. The required contribution was determined as part of the December 31, 2008 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year attributable to inflation; (c) additional projected salary increases ranging from .4% to 10.0% per year, depending on age and service attributable to seniority/merit; and (d) post-retirement benefit increases of 3% annually.

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

IMRF conducts annual actuarial valuations as of December 31 of each year. The valuation determines the actuarial liabilities for the year of the valuation. Employer contribution rates are based on the valuation two years prior. For example, the December 31, 2008 valuation determined the liabilities for calendar year 2009 and the employer rate for calendar year 2010.

#### B. Sheriff's Law Enforcement Personnel

Sheriff's Law Enforcement Personnel (SLEP), having accumulated at least 30 years of SLEP service and terminating IMRF participation on or after January 1, 1988, may elect to retire at or after age 50 with no early retirement discount penalty. SLEP members meeting these two qualifications are entitled to an annual retirement benefit, payable monthly for life, in an amount generally equal to 2.50% of their final rate of earnings, for each year of credited service up to 20 years, 2.00% of their final earnings rate for the next 10 years of credited service and 1.00% for each year thereafter. For those SLEP members retiring with less than 20 years of SLEP service, the regular IMRF pension formula applies. SLEP also provides death and disability benefits. These benefits provisions and all other requirements are established by State statute. SLEP members are required to contribute 7.5% of their annual salary to SLEP. The Village is required to contribute the remaining amounts necessary to fund the SLEP as specified by statute. The employer contribution rate for the year ended December 31, 2010 was 13.79% of covered payroll.

#### C. Police Pension

##### *Plan Description and Provisions*

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

**VILLAGE OF PALOS PARK, ILLINOIS**

Notes to the Financial Statements  
April 30, 2011

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9. Defined Benefit Pension Plans (Cont.)

C. Police Pension (Cont.)

*Plan Description and Provisions (Cont.)*

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

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of (2.5%) of final salary for each year of service.

The monthly pension of a police officer who retired with 20 or more years of service after July 1, 1993 shall be increased annually, following the first anniversary date of retirement and will be paid upon reaching the age of at least 55 years, by 3% of the pension payable at the time of the increase.

*Funding Policy*

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2033 the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded. The most recent actuarial valuation was performed as of April 30, 2010. For 2010, the Village was required to contribute 26.19% of covered payroll. Administrative costs are financed through investment earnings.

# VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements  
April 30, 2011

## 9. Defined Benefit Pension Plans (Cont.)

### C. Police Pension (Cont.)

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

#### 2011 Annual Pension Cost and Net Pension Obligation

For 2011 the Village's annual required pension contribution (ARC) was \$151,812. The Village's actual contribution was \$194,125. For a description of the significant actuarial assumptions, see Note 9.E.

The net pension asset at April 30, 2011 of \$49,239 has been reported on the Statement of Net Assets.

#### *Reserves and Concentration of Investments*

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

The fund had no investments (other than those issued or guaranteed by the U.S. government) that exceeded 5% or more of net assets available for benefits at April 30, 2011.

### D. Summary of Significant Accounting Policies and Plan Asset Matters

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

#### *Computation of Net Pension Obligations at April 30, 2011*

	Illinois Municipal Retirement	Sheriff's Law Enforcement Personnel	Police Pension	Total
Annual Required Contribution	\$ 180,899	14,013	151,812	346,724
Interest on the NPO			(753)	(753)
Adjustments to the ARC			532	532
Annual Pension Cost	180,899	14,013	151,591	346,503
Contribution Made	169,918	14,013	194,125	378,056
Increase in the Net Pension Obligation (Asset)	10,981	-	(42,534)	(31,553)
Net Pension Obligation (Asset) at May 1, 2010			(6,705)	(6,705)
Net Pension Obligation (Asset) at April 30, 2011	\$ 10,981	-	(49,239)	(38,258)

**VILLAGE OF PALOS PARK, ILLINOIS**

Notes to the Financial Statements  
 April 30, 2011

9. Defined Benefit Pension Plans (Cont.)

E. Significant Actuarial Assumptions

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

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

**VILLAGE OF PALOS PARK, ILLINOIS**

Notes to the Financial Statements  
April 30, 2011

9. Defined Benefit Pension Plans (Cont.)

F. Funding Status at April 30, 2011

Plan	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
Illinois Municipal Retirement	\$ 1,247,870	2,865,379	1,617,509	43.55%	1,407,774	114.90%
Sheriff's Law Enforcement Personnel	237,731	271,311	33,580	87.62%	101,619	33.05%
Police Pension	1,383,325	2,829,426	1,446,101	48.89%	563,427	256.66%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

G. Trend Information

	Fiscal Year	Illinois Municipal Retirement	Sheriff's Law Enforcement Personnel	Police Pension
Annual Pension Cost	2011	\$ 180,899	14,013	151,591
	2010	159,605	12,800	151,591
	2009	122,594	14,277	189,132
Percent Contributed	2011	93.93	100.00	128.06
	2010	100.00	100.00	97.32
	2009	100.00	100.00	100.12
Net Pension Obligation (Asset)	2011	10,981		(49,239)
	2010			(6,705)
	2009			(10,759)

10. Other Post-Employment Benefits

The Village has evaluated its potential other post-employment benefits liability. The Village provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the Village are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Village's health insurance plan. Therefore, there has been 0% utilization and, therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the Village had no former employees for which the Village was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Village has not recorded any post-employment benefit liability as of April 30, 2011.

## VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements  
April 30, 2011

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### 11. Contingent Liabilities

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

### 12. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health; natural disasters; illnesses of employees; and injuries to the Village's employees.

#### *Intergovernmental Risk Management Agency*

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

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

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

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the by-laws of IRMA and experience modification factors based on past member loss experience. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits. The Village is aware of no additional contributions due to IRMA as of April 30, 2011.

Complete financial statements, the latest available dated December 31, 2010, may be obtained directly from IRMA's administrative offices at 4 Westbrook Corporate Center, Suite 940, Westchester, Illinois 60154.

### 13. Subsequent Events

On August 5, 2011, Standard & Poor's lowered their long-term credit rating on U.S. debt to AA+ from AAA and affirmed the A-1+ short-term. Further, ratings for other lenders backed by the federal government were lowered one step from AAA to AA+ reflecting the companies' direct reliance of the U.S. government.

## VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements  
April 30, 2011

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### 14. Component Unit – Palos Park Public Library

#### A. Summary of Significant Accounting Policies

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

##### *Fund Accounting*

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

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

All of the Library funds are classified as governmental funds.

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

The Library reports the following major government fund:

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

##### *Measurement Focus and Basis of Accounting and Financial Statement Presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. The Library recognizes property taxes when they become both measurable and available in the period the tax is intended to finance. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as nonoperating.

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

## VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements  
April 30, 2011

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

#### A. Summary of Significant Accounting Policies (Cont.)

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

Property taxes owed to the state at year-end, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Fines and permit revenue and miscellaneous revenues are considered to be “measurable” and “available” only when cash is received by the Library.

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Library; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditures and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

The Library reports deferred/unearned revenue on its financial statements. Deferred/unearned revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Deferred/unearned revenues also arise when resources are received by the Library before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Library has a legal claim to the resources, the liability for deferred/unearned revenue is removed from the financial statements and revenue is recognized.

##### *Investments*

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

#### B. Deposits and Investments

##### *Library Investments*

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

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 the Financial Statements  
April 30, 2011

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

#### B. Deposits and Investments (Cont.)

##### *Library Deposits with Financial Institutions*

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

##### *Investments*

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

The Library limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in external investment pools.

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

Concentration of credit risk is the risk that the Library has a high percentage of their investments invested in one type of investment. There are no significant investments in any one organization that represents 5.0% or more of its overall portfolio at April 30, 2011.

#### C. Receivables

Property taxes for the 2010 levy year attach as an enforceable lien on January 1, 2010, 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, 2011 and September 1, 2011, and are payable in two installments, on or about March 1, 2011 and October 1, 2011.

The County collects such taxes and remits them periodically. The second half collections of the 2009 levy and the first half collections of 2010 are intended to finance the 2011 fiscal year. The remaining collections of the 2010 levy are not considered available for current operations and are, therefore, shown as deferred/unearned revenue. The 2011 tax levy has not been recorded as a receivable at April 30, 2011, as the tax attached as a lien in property as of January 1, 2011; however, the tax will not be levied until December 2011 and, accordingly, is not measureable at April 30, 2011.

**VILLAGE OF PALOS PARK, ILLINOIS**

Notes to the Financial Statements  
April 30, 2011

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

D. Capital Assets

Capital asset activity for the Library for the year ended April 30, 2011 was as follows:

	Balances May 1	Additions	Deletions	Balances April 30
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets Not Being Depreciated				
Land	\$ 10,700			10,700
Capital Assets Being Depreciated				
Land Improvements	23,380			23,380
Buildings and Improvements	421,664			421,664
	445,044	-	-	445,044
Less Accumulated Depreciation For				
Land Improvements	13,248	779		14,027
Buildings and Improvements	216,269	10,542		226,811
	229,517	11,321	-	240,838
Total Capital Assets Being Depreciated, Net	215,527	(11,321)	-	204,206
Governmental Activities Capital Assets, Net	\$ 226,227	(11,321)	-	214,906

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

E. Long-Term Debt

*Changes in Long-Term Liabilities*

	Balances May 1	Issuances	Retirements	Balances April 30	Current Portion
Compensated Absences Payable	\$ 4,873	424		5,297	

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

**VILLAGE OF PALOS PARK, ILLINOIS**

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - General Fund  
Year Ended April 30, 2011 (With Comparative Actual)

	2011			2010 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
Revenues				
Taxes				
Property Tax	\$ 1,143,053	1,232,400	89,347	1,179,055
State Sales Tax	650,000	660,319	10,319	634,006
State Income Tax	361,055	365,586	4,531	372,418
Utility Tax	476,685	547,238	70,553	554,177
Other Taxes	197,242	239,702	42,460	179,842
Licenses, Permits and Inspections	493,156	471,279	(21,877)	467,581
Intergovernmental	12,000	15,846	3,846	15,823
Charges for Services	30,698	24,672	(6,026)	23,473
Fees by Agreement	678,320	652,044	(26,276)	619,316
Fines and Forfeits	63,700	81,020	17,320	63,144
Investment Income	750	10,940	10,190	4,054
Miscellaneous	12,382	20,736	8,354	27,556
Total Revenues	<u>4,119,041</u>	<u>4,321,782</u>	<u>202,741</u>	<u>4,140,445</u>
Expenditures				
Current				
General Government	632,993	674,934	41,941	736,570
Public Safety	1,699,548	1,816,639	117,091	1,775,212
Public Works	421,430	417,235	(4,195)	445,722
Building and Public Grounds	505,446	461,543	(43,903)	500,069
Culture and Recreation	265,640	253,616	(12,024)	269,664
Solid Waste	270,676	276,741	6,065	263,727
Capital Outlay	950	855	(95)	855
Debt Service				
Principal Retirement	235,671	235,150	(521)	197,279
Interest Charges and Fees	31,414	31,972	558	75,223
Total Expenditures	<u>4,063,768</u>	<u>4,168,685</u>	<u>104,917</u>	<u>4,264,321</u>
Excess (Deficiency) of Revenues over Expenditures	<u>55,273</u>	<u>153,097</u>	<u>97,824</u>	<u>(123,876)</u>
Other Financing Sources (Uses)				
Transfers In	90,000	90,000		71,276
Transfers Out	(40,000)	(40,000)		(103,022)
Issuance of Installment Contracts				1,085,000
Premium on Installment Contracts				12,207
Payment to Escrow Agent				(1,032,991)
Proceeds from Sale of Assets				1,259
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>33,729</u>
Net Change in Fund Balance	<u>\$ 105,273</u>	<u>203,097</u>	<u>97,824</u>	<u>(90,147)</u>
Fund Balance				
Beginning		<u>981,076</u>		
Ending		<u>1,184,173</u>		

See accompanying Note to the Required Supplementary Information.

**VILLAGE OF PALOS PARK, ILLINOIS**

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Police Forfeiture Fund  
Year Ended April 30, 2011 (With Comparative Actual)

	2011		Variance Over (Under)	2010 Actual
	Final Budget	Actual		
<b>Revenues</b>				
Fines and Forfeits	\$ 90,000	763,267	673,267	91,066
Investment Income	125	899	774	297
Miscellaneous Donations	5,000		(5,000)	5,000
Total Revenues	95,125	764,166	669,041	96,363
<b>Expenditures</b>				
Current				
Police				
Supplies	3,000	34,155	31,155	12,232
Contractual Services	4,400	12,425	8,025	1,829
Capital Outlay	25,000	33,160	8,160	22,302
Total Expenditures	32,400	79,740	47,340	36,363
Excess of Revenues over Expenditures	62,725	684,426	621,701	60,000
<b>Other Financing Uses</b>				
Transfers Out	(90,000)	(90,000)		(60,000)
Net Change in Fund Balance	\$ (27,275)	594,426	621,701	
<b>Fund Balance</b>				
May 1		9,870		9,870
April 30		604,296		9,870

**VILLAGE OF PALOS PARK, ILLINOIS**

Notes to Required Supplementary Information  
April 30, 2011

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1. Budgetary Basis of Accounting

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

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

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

2. Expenditures in Excess of Budget

The following funds had operating expenses/expenditures excluding depreciation in excess of budget as of April 30, 2011.

Fund	Original and Final Budget	Expenditures
General	\$ 4,063,768	4,168,685
Police Forfeiture	32,400	79,740
Fine Arts		19,080
Land Acquisition and Recreation	41,182	41,960
Commuter Parking Lot	71,870	76,703
Police Pension	110,950	118,689

**VILLAGE OF PALOS PARK, ILLINOIS**

Required Supplementary Information

Schedule of Funding Progress

April 30, 2011

**Illinois Municipal Retirement Fund**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
12/31/2010	\$ 1,247,870	2,865,379	1,617,509	43.55 %	1,407,774	114.90 %
12/31/2009	2,023,261	3,356,107	1,332,846	60.29	1,454,919	91.61
12/31/2008	1,861,482	3,008,367	1,146,885	61.88	1,414,001	81.11
12/31/2007	2,234,081	2,763,079	528,998	80.85	1,209,639	43.73
12/31/2006	2,130,411	2,179,634	49,223	97.74	1,140,481	4.32
12/31/2005	2,065,773	2,094,035	28,262	98.65	1,042,756	2.71

**Police Pension Fund**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
4/30/2011	N/A	N/A	N/A	N/A	N/A	N/A %
4/30/2010	\$ 1,383,325	2,829,426	1,446,101	48.89	563,427	256.66
4/30/2009	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2008	951,601	2,395,755	1,444,154	39.72	588,522	245.39
4/30/2007	694,196	1,949,220	1,255,024	35.61	538,269	233.16
4/30/2006	562,566	1,913,031	1,350,465	29.41	509,036	265.30

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

**Sheriff's Law Enforcement Personnel**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
12/31/2010	\$ 237,731	271,311	33,580	87.62 %	101,619	33.05 %
12/31/2009	207,550	241,010	33,460	86.12	101,104	33.09
12/31/2008	186,793	204,017	17,224	91.56	96,726	17.81
12/31/2007	159,982	164,295	4,313	97.37	91,754	4.70

**VILLAGE OF PALOS PARK, ILLINOIS**

Required Supplementary Information

Employer Contributions

April 30, 2011

**Illinois Municipal Retirement Fund**

Actuarial Valuation Date	Employer Contribution	Annual Required Contribution (ARC)	Percentage Contributed
12/31/2010	\$ 169,918	180,899	93.93 %
12/31/2009	171,541	171,541	100.00
12/31/2008	122,594	122,594	100.00
12/31/2007	105,601	105,601	100.00
12/31/2006	93,291	93,291	100.00
12/31/2005	83,316	83,316	100.00

**Police Pension Fund**

Actuarial Valuation Date	Employer Contribution	Annual Required Contribution (ARC)	Percentage Contributed
4/30/2011	\$ 194,125	151,812	127.87 %
4/30/2010	147,537	151,812	97.18
4/30/2009	189,366	189,366	100.00
4/30/2008	202,122	163,251	123.81
4/30/2007	136,312	136,312	100.00
4/30/2006	118,867	118,867	100.00

**Sheriff's Law Enforcement Personnel**

Actuarial Valuation Date	Employer Contribution	Annual Required Contribution (ARC)	Percentage Contributed
12/31/2010	\$ 14,013	14,013	100.00 %
12/31/2009	13,807	13,807	100.00
12/31/2008	14,277	14,277	100.00
12/31/2007	12,029	12,029	100.00

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

**GOVERNMENTAL FUND TYPES**

**GENERAL FUND**  
**(Major Fund)**

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

VILLAGE OF PALOS PARK, ILLINOIS

General Fund

Balance Sheet

April 30, 2011 (With Comparative Prior Year)

	2011	2010
<b>Assets</b>		
Cash and Cash Equivalents	\$ 671,536	491,767
Investments	238,794	228,451
Receivables		
Property Taxes	661,272	619,017
State Sales Taxes	165,791	146,630
Other Intergovernmental	179,859	212,549
Accounts, Net of Allowance for		
Uncollectible Receivables	125,822	132,898
Due from Component Unit	9,469	10,758
Prepaid Items	60,215	58,168
<b>Total Assets</b>	<b>\$ 2,112,758</b>	<b>1,900,238</b>
<b>Liabilities</b>		
Accounts Payable	\$ 259,103	253,718
Deposits Payable	5,993	8,416
Wages Payable	37,913	38,011
Deferred Revenue	625,576	619,017
<b>Total Liabilities</b>	<b>928,585</b>	<b>919,162</b>
<b>Fund Balances</b>		
Reserved for Prepaid Items	60,215	58,168
Unreserved		
Undesignated	1,123,958	922,908
<b>Total Fund Balances</b>	<b>1,184,173</b>	<b>981,076</b>
<b>Total Liabilities and</b>		
<b>Fund Balances</b>	<b>\$ 2,112,758</b>	<b>1,900,238</b>

VILLAGE OF PALOS PARK, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual  
Year Ended April 30, 2011 (With Comparative Actual)

	2011		Variance Over (Under)	2010 Actual
	Final Budget	Actual		
<b>General Government</b>				
<b>Administration</b>				
Wages	\$ 261,830	274,451	12,621	264,627
Benefits	84,002	79,619	(4,383)	68,705
Insurance	18,340	13,066	(5,274)	22,519
Legal Fees	50,000	82,606	32,606	75,756
Consultants, Engineers and Planner		4,695	4,695	4,305
Other Contractual Services	34,875	34,938	63	41,222
Commodities	50,114	56,785	6,671	66,539
Total Administration	499,161	546,160	46,999	543,673
<b>Public Affairs</b>				
Insurance	1,100	1,080	(20)	1,008
Legal Fees		31	31	261
Consultants, Engineers and Planner	5,000	6,053	1,053	4,944
Other Contractual Services	7,700	11,974	4,274	12,791
Commodities	3,450	2,199	(1,251)	2,961
Total Public Affairs	17,250	21,337	4,087	21,965
<b>Finance</b>				
Wages	125,125	125,397	272	135,485
Benefits	37,052	37,771	719	37,343
Insurance	5,000	4,540	(460)	4,233
Legal Fees	5,000	188	(4,812)	4,633
Consultants, Engineers and Planners	43,330	46,886	3,556	68,550
Commodities	2,575	2,468	(107)	3,094
Total Finance	218,082	217,250	(832)	253,338
<b>Other</b>				
Legal Fees				38
Other Contractual Services	9,000	1,627	(7,373)	35,256
Commodities	1,000	60		
Total Other	10,000	1,687	(7,373)	35,294
Total General Government	744,493	786,434	42,881	854,270
Less Administrative Charges	(111,500)	(111,500)		(117,700)
Net General Government	632,993	674,934	42,881	736,570

VILLAGE OF PALOS PARK, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual (Cont.)  
 Year Ended April 30, 2011 (With Comparative Actual)

	2011		Variance Over (Under)	2010 Actual
	Final Budget	Actual		
<b>Public Safety</b>				
Wages	1,007,619	1,021,771	14,152	1,073,978
Benefits	390,586	474,183	83,597	352,472
Insurance	47,550	43,191	(4,359)	40,990
Legal Fees	22,000	29,412	7,412	22,464
Other Contractual Services	156,143	147,368	(8,775)	148,495
Commodities	75,650	100,714	25,064	136,813
<b>Total Public Safety</b>	<b>1,699,548</b>	<b>1,816,639</b>	<b>117,091</b>	<b>1,775,212</b>
<b>Public Works</b>				
Wages	205,257	176,768	(28,489)	226,656
Benefits	102,053	103,726	1,673	97,132
Insurance	13,970	31,290	17,320	9,372
Legal Fees	2,000	1,537	(463)	2,894
Consultants, Engineers and Planners	2,500	388	(2,112)	358
Other Contractual Services	59,550	69,352	9,802	60,801
Commodities	36,100	34,174	(1,926)	48,509
<b>Total Public Works</b>	<b>421,430</b>	<b>417,235</b>	<b>(4,195)</b>	<b>445,722</b>
<b>Building and Public Grounds</b>				
<b>Building</b>				
Wages	207,627	194,635	(12,992)	206,506
Benefits	80,747	80,987	240	76,030
Insurance	7,475	7,026	(449)	6,550
Legal Fees	8,000	12,177	4,177	13,697
Consultants, Engineers and Planners	63,000	28,153	(34,847)	48,074
Other Contractual Services	24,968	20,509	(4,459)	24,595
Commodities	5,955	5,466	(489)	5,152
<b>Total Building</b>	<b>397,772</b>	<b>348,953</b>	<b>(48,819)</b>	<b>380,604</b>
<b>Public Grounds</b>				
Insurance				3,729
Other Contractual Services	100,874	107,901	7,027	95,253
Commodities	6,800	4,689	(2,111)	20,483
<b>Total Public Grounds</b>	<b>107,674</b>	<b>112,590</b>	<b>4,916</b>	<b>119,465</b>
<b>Total Building and Public Grounds</b>	<b>505,446</b>	<b>461,543</b>	<b>(43,903)</b>	<b>500,069</b>

**VILLAGE OF PALOS PARK, ILLINOIS**

General Fund

Schedule of Expenditures - Budget and Actual (Cont.)  
 Year Ended April 30, 2011 (With Comparative Actual)

	2011		Variance Over (Under)	2010 Actual
	Final Budget	Actual		
<b>Culture and Recreation</b>				
<b>Recreation</b>				
Wages	122,965	123,315	350	129,224
Benefits	35,579	38,240	2,661	36,693
Insurance	10,696	10,053	(643)	9,372
Legal Fees				38
Other Contractual Services	63,700	52,132	(11,568)	61,905
Commodities	32,500	29,876	(2,624)	32,315
	<u>265,440</u>	<u>253,616</u>	<u>(11,824)</u>	<u>269,547</u>
<b>Festivals</b>				
Equipment	200		(200)	117
<b>Total Culture and Recreation</b>	<u>265,640</u>	<u>253,616</u>	<u>(12,024)</u>	<u>269,664</u>
<b>Solid Waste</b>				
Other Contractual Services	<u>270,676</u>	<u>276,741</u>	<u>6,065</u>	<u>263,727</u>
<b>Capital Outlay</b>				
Administration	<u>950</u>	<u>855</u>	<u>(95)</u>	<u>855</u>
<b>Debt Service</b>				
<b>Administration</b>				
Principal Retirement	235,671	235,150	(521)	197,279
Interest Charges and Fees	31,414	31,972	558	75,223
<b>Total Debt Service</b>	<u>267,085</u>	<u>267,122</u>	<u>37</u>	<u>272,502</u>
<b>Total Expenditures</b>	<u>\$ 4,063,768</u>	<u>4,168,685</u>	<u>105,857</u>	<u>4,264,321</u>

**NONMAJOR GOVERNMENTAL FUNDS –  
COMBINING STATEMENTS**

**VILLAGE OF PALOS PARK, ILLINOIS**

Nonmajor Governmental Funds

Combining Balance Sheet  
 April 30, 2011

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and Improvements	\$ 272,015	563,604	835,619
Receivables			
Sales Tax		76,144	76,144
Motor Fuel Tax Allotments	13,898		13,898
<b>Total Assets</b>	<b>\$ 285,913</b>	<b>639,748</b>	<b>925,661</b>
<b>Liabilities</b>			
Accounts Payable	\$	4,610	4,610
<b>Fund Balances</b>			
Reserved for Public Works	188,904		188,904
Reserved for Culture and Recreation	48,728		48,728
Unreserved			
Special Revenue	48,281		48,281
Capital Projects		635,138	635,138
<b>Total Fund Balances</b>	<b>285,913</b>	<b>635,138</b>	<b>921,051</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 285,913</b>	<b>639,748</b>	<b>925,661</b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF PALOS PARK, ILLINOIS**

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended April 30, 2011

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Taxes	\$	175,847	175,847
Intergovernmental	147,564		147,564
Charges for Services	15,792		15,792
Fines and Forfeits			
Investment Income	373	806	1,179
Miscellaneous	(503)		(503)
Total Revenues	163,226	176,653	339,879
<b>Expenditures</b>			
Current			
Public Safety			
Public Works	91,918		91,918
Building and Public Grounds		106,584	106,584
Culture and Recreation	19,080		19,080
Debt Service			
Principal	20,000	3,405	23,405
Interest	21,960	752	22,712
Total Expenditures	152,958	110,741	263,699
Excess of Revenues over Expenditures	10,268	65,912	76,180
<b>Other Financing Sources (Uses)</b>			
Loan Proceeds		37,300	37,300
Transfers In	41,182	40,000	81,182
Transfers Out	(41,182)		(41,182)
Total Other Financing Sources (Uses)	-	77,300	77,300
Net Change in Fund Balances	10,268	143,212	153,480
<b>Fund Balances</b>			
Beginning	275,645	491,926	767,571
Ending	\$ 285,913	635,138	921,051

See accompanying Notes to the Financial Statements.

## NONMAJOR SPECIAL REVENUE FUNDS

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

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

The **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.

**VILLAGE OF PALOS PARK, ILLINOIS**

Nonmajor Special Revenue Funds

Combining Balance Sheet

April 30, 2011 (With Comparative Prior Year)

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(See Following Page)

**VILLAGE OF PALOS PARK, ILLINOIS**

Nonmajor Special Revenue Funds

Combining Balance Sheet

April 30, 2011 (With Comparative Prior Year)

	Motor Fuel Tax	Exaction Fee	Fine Arts
<b>Assets</b>			
Cash and Cash Equivalents	\$ 175,006	5,405	48,728
Motor Fuel Tax Allotments Receivable	13,898		
<b>Total Assets</b>	<b>\$ 188,904</b>	<b>5,405</b>	<b>48,728</b>
<b>Liabilities</b>			
Deferred Revenue	\$		
<b>Fund Balances</b>			
Reserved for Public Safety			
Reserved for Public Works	188,904		
Reserved for Culture and Recreation			48,728
Unreserved			
Undesignated		5,405	
<b>Total Fund Balances</b>	<b>188,904</b>	<b>5,405</b>	<b>48,728</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 188,904</b>	<b>5,405</b>	<b>48,728</b>

Land Acquisition and Recreation	2011 Total	2010 Total
42,876	272,015	382,062
	13,898	10,171
42,876	285,913	392,233
		106,718
		9,870
	188,904	141,614
	48,728	43,888
42,876	48,281	90,143
42,876	285,913	285,515
42,876	285,913	392,233

**VILLAGE OF PALOS PARK, ILLINOIS**

Nonmajor Special Revenue Funds

Combining Schedule of Revenues, Expenditures and  
 Changes in Fund Balances  
 Year Ended April 30, 2011 (With Comparative Prior Year)

	Motor Fuel Tax	Exaction Fee	Fine Arts
<b>Revenues</b>			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 138,986		
Grant Income			8,578
Charges for Services			
Exaction Fees			
Event Fees			15,792
Fines and Forfeits			
Investment Income	222	64	53
Miscellaneous			(503)
Total Revenues	<u>139,208</u>	<u>64</u>	<u>23,920</u>
<b>Expenditures</b>			
Current			
Public Safety			
Public Works	91,918		
Culture and Recreation			19,080
Debt Service			
Principal			
Interest and Fiscal Charges			
Capital Outlay			
Total Expenditures	<u>91,918</u>	<u>-</u>	<u>19,080</u>
Excess (Deficiency) of Revenues over Expenditures	<u>47,290</u>	<u>64</u>	<u>4,840</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In			
Transfers Out		(41,182)	
Total Other Financing Sources (Uses)	<u>-</u>	<u>(41,182)</u>	<u>-</u>
Net Change in Fund Balance	47,290	(41,118)	4,840
<b>Fund Balance</b>			
May 1	<u>141,614</u>	<u>46,523</u>	<u>43,888</u>
April 30	<u>\$ 188,904</u>	<u>5,405</u>	<u>48,728</u>

Land Acquisition and Recreation	2011 Total	2010 Total
	138,986	118,337
	8,578	5,177
		4,126
	15,792	22,806
		91,066
34	373	693
	(503)	7,478
34	163,226	249,683
		14,061
	91,918	88,121
	19,080	31,952
20,000	20,000	85,000
21,960	21,960	21,918
		22,302
41,960	152,958	263,354
(41,926)	10,268	(13,671)
41,182	41,182	154,840
	(41,182)	(134,194)
41,182		20,646
(744)	10,268	6,975
43,620	275,645	278,540
42,876	285,913	285,515

**VILLAGE OF PALOS PARK, ILLINOIS**

Motor Fuel Tax Fund

Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2011 (With Comparative Actual)

	2011		Variance Over (Under)	2010 Actual
	Final Budget	Actual		
<b>Revenues</b>				
Motor Fuel Taxes	\$ 117,163	138,986	21,823	118,337
Investment Income	120	222	102	130
Total Revenues	<u>117,283</u>	<u>139,208</u>	<u>21,925</u>	<u>118,467</u>
<b>Expenditures</b>				
Current				
Public Works				
Supplies	85,000	43,087	(41,913)	75,369
Contractual Services	15,000	2,706	(12,294)	12,752
Capital Outlay	56,216	46,125	(10,091)	
Total Expenditures	<u>156,216</u>	<u>91,918</u>	<u>(64,298)</u>	<u>88,121</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(38,933)</u>	<u>47,290</u>	<u>86,223</u>	<u>30,346</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	38,933		(38,933)	49,900
Transfers Out				(11,276)
Total Other Financing Sources (Uses)	<u>38,933</u>	<u>-</u>	<u>(38,933)</u>	<u>38,624</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>47,290</u>	<u>47,290</u>	<u>68,970</u>
<b>Fund Balance</b>				
May 1		<u>141,614</u>		<u>72,644</u>
April 30		<u>188,904</u>		<u>141,614</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

Exaction Fee Fund

Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2011 (With Comparative Actual)

	2011		Variance Over (Under)	2010 Actual
	Final Budget	Actual		
Revenues				
Charges for Services				
Exaction Fees	\$ 16,722		(16,722)	4,126
Investment Income		64	64	150
Total Revenues	16,722	64	(16,658)	4,276
Expenditures				
Capital Outlay				
Excess of Revenues over Expenditures	16,722	64	(16,658)	4,276
Other Financing Uses				
Transfers Out	(41,182)	(41,182)		(62,918)
Net Change in Fund Balance	<u>\$ (24,460)</u>	(41,118)	<u>(16,658)</u>	(58,642)
Fund Balance				
May 1		<u>46,523</u>		<u>105,165</u>
April 30		<u>5,405</u>		<u>46,523</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

Fine Arts Fund

Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2011 (With Comparative Actual)

	2011		Variance Over (Under)	2010 Actual
	Final Budget	Actual		
<b>Revenues</b>				
Intergovernmental				
Grant Income	\$	8,578	8,578	5,177
Charges for Services				
Event Fees		15,792	15,792	22,806
Investment Income		53	53	74
Miscellaneous		(503)	(503)	2,478
Total Revenues	-	23,920	23,920	30,535
<b>Expenditures</b>				
Current				
Culture and Recreation				
Contractual Services		19,080	19,080	31,952
Net Change in Fund Balance	\$ -	4,840	4,840	(1,417)
<b>Fund Balance</b>				
May 1		43,888		45,305
April 30		48,728		43,888

**VILLAGE OF PALOS PARK, ILLINOIS**

Land Acquisition and Recreation Fund

Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2011 (With Comparative Actual)

	2011		Variance Over (Under)	2010 Actual
	Final Budget	Actual		
Revenues				
Investment Income	\$	34	34	36
Expenditures				
Debt Service				
Principal	20,000	20,000		20,000
Interest and Fiscal Charges	21,182	21,960	778	21,918
Total Expenditures	41,182	41,960	778	41,918
Excess (Deficiency) of Revenues over Expenditures	(41,182)	(41,926)	(744)	(41,882)
Other Financing Sources				
Transfers In	41,182	41,182		41,918
Net Change in Fund Balance	\$ -	(744)	(744)	36
Fund Balance				
May 1		43,620		43,584
April 30		42,876		43,620

## **NONMAJOR CAPITAL PROJECTS FUNDS**

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

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

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

**VILLAGE OF PALOS PARK, ILLINOIS**

Nonmajor Capital Projects Funds

Combining Balance Sheet

April 30, 2011 (With Comparative Prior Year)

	Capital Improvements	1/2% Sales Tax	2011 Total	2010 Total
Assets				
Cash and Investments	\$ 311,730	251,874	563,604	458,532
Receivables				
Sales Tax		76,144	76,144	34,539
Total Assets	<u>\$ 311,730</u>	<u>328,018</u>	<u>639,748</u>	<u>493,071</u>
Liabilities				
Accounts Payable	\$	4,610	4,610	1,145
Fund Balances				
Unreserved				
Undesignated	311,730	323,408	635,138	491,926
Total Liabilities and Fund Balances	<u>\$ 311,730</u>	<u>328,018</u>	<u>639,748</u>	<u>493,071</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

Nonmajor Capital Projects Funds

Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended April 30, 2011 (With Comparative Prior Year)

	Capital Improvements	1/2% Sales Tax	2011 Total	2010 Total
<b>Revenues</b>				
Taxes	\$	175,847	175,847	151,856
Intergovernmental				8,395
Investment Income	440	366	806	656
<b>Total Revenues</b>	<b>440</b>	<b>176,213</b>	<b>176,653</b>	<b>160,907</b>
<b>Expenditures</b>				
Current				
Building and Public Grounds		106,584	106,584	93,929
Debt Service				
Principal		3,405	3,405	
Interest and Fiscal Charges		752	752	
<b>Total Expenditures</b>	<b>-</b>	<b>110,741</b>	<b>110,741</b>	<b>93,929</b>
<b>Excess of Revenues over Expenditures</b>	<b>440</b>	<b>65,472</b>	<b>65,912</b>	<b>66,978</b>
<b>Other Financing Sources (Uses)</b>				
Loan Proceeds		37,300	37,300	
Transfers In	40,000		40,000	40,000
Transfers Out				(28,900)
<b>Total Other Financing Sources (Uses)</b>	<b>40,000</b>	<b>37,300</b>	<b>77,300</b>	<b>11,100</b>
<b>Net Change in Fund Balances</b>	<b>40,440</b>	<b>102,772</b>	<b>143,212</b>	<b>78,078</b>
<b>Fund Balances</b>				
Beginning	271,290	220,636	491,926	413,848
Ending	\$ 311,730	323,408	635,138	491,926

**VILLAGE OF PALOS PARK, ILLINOIS**

Capital Improvements Fund

Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2011 (With Comparative Actual)

	2011		Variance Over (Under)	2010 Actual
	Final Budget	Actual		
Revenues				
Investment Income	\$ 300	440	140	404
Expenditures				
Current				
Building and Public Grounds				
Contractual Services				20,496
Excess (Deficiency) of Revenues over Expenditures	300	440	140	(20,092)
Other Financing Sources				
Transfers In	40,000	40,000		40,000
Net Change in Fund Balance	<u>\$ 40,300</u>	40,440	<u>140</u>	19,908
Fund Balance				
May 1		<u>271,290</u>		<u>251,382</u>
April 30		<u>311,730</u>		<u>271,290</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

1/2% Sales Tax Fund

Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2011 (With Comparative Actual)

	2011		Variance Over (Under)	2010 Actual
	Final Budget	Actual		
Revenues				
Taxes				
Sales Tax	\$ 160,400	175,847	15,447	151,856
Intergovernmental	1,500		(1,500)	8,395
Investment Income	250	366	116	252
Total Revenues	<u>162,150</u>	<u>176,213</u>	<u>14,063</u>	<u>160,503</u>
Expenditures				
Current				
Building and Public Grounds				
Contractual Services	36,000	6,417	(29,583)	22,647
Supplies	13,000	11,777	(1,223)	13,968
Capital Outlays	66,000	88,390	22,390	36,818
Debt Service				
Principal	6,123	3,405	(2,718)	
Interest and Fiscal Charges	2,094	752	(1,342)	
Total Expenditures	<u>123,217</u>	<u>110,741</u>	<u>(12,476)</u>	<u>73,433</u>
Excess of Revenues over Expenditures	<u>38,933</u>	<u>65,472</u>	<u>26,539</u>	<u>87,070</u>
Other Financing Sources (Uses)				
Loan Proceeds		37,300	37,300	
Transfers Out	(38,933)		38,933	(28,900)
Total Other Financing Sources (Uses)	<u>(38,933)</u>	<u>37,300</u>	<u>76,233</u>	<u>(28,900)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>102,772</u>	<u>102,772</u>	<u>58,170</u>
Fund Balance				
May 1		<u>220,636</u>		<u>162,466</u>
April 30		<u><u>323,408</u></u>		<u><u>220,636</u></u>

**PROPRIETARY FUND TYPE**

**ENTERPRISE FUNDS**

## **MAJOR ENTERPRISE FUNDS**

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

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

**VILLAGE OF PALOS PARK, ILLINOIS**

Water Fund (Major Fund)

Statement of Net Assets  
 April 30, 2011 (With Comparative Prior Year)

	2011	2010
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 1,248,432	1,050,691
Investments	102,340	97,908
Accounts Receivable, Net of Allowance for Uncollectible Accounts	193,203	177,084
Intergovernmental Receivable	1,745	
Prepaid Expenses	6,837	6,605
<b>Total Current Assets</b>	<b>1,552,557</b>	<b>1,332,288</b>
<b>Capital Assets</b>		
Capital Assets Not Being Depreciated	20,000	1,058,800
Capital Assets Being Depreciated, Cost Less Accumulated Depreciation	18,416,295 (5,857,125)	16,330,171 (5,393,579)
<b>Total Capital Assets</b>	<b>12,579,170</b>	<b>11,995,392</b>
<b>Other Assets</b>		
Bond Issuance Costs	38,151	
<b>Total Assets</b>	<b>14,169,878</b>	<b>13,327,680</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	46,605	883,649
Wages Payable	4,781	3,891
Accrued Interest	30,111	4,568
Compensated Absences Payable	9,460	3,448
General Obligation Bonds Payable	86,700	24,400
Special Assessment Bond Payable	37,710	37,710
Other Debt Obligations	3,505	
<b>Total Current Liabilities</b>	<b>218,872</b>	<b>957,666</b>
<b>Long-Term Liabilities</b>		
Compensated Absences Payable	8,389	19,538
General Obligation Bonds Payable	1,873,556	270,256
Special Assessment Bond Payable	245,491	283,202
Other Debt Obligations	13,442	
<b>Total Long-Term Liabilities</b>	<b>2,140,878</b>	<b>572,996</b>
<b>Total Liabilities</b>	<b>2,359,750</b>	<b>1,530,662</b>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	10,318,766	11,379,824
Unrestricted	1,491,362	417,194
<b>Total Net Assets</b>	<b>\$ 11,810,128</b>	<b>11,797,018</b>

**VILLAGE OF PALOS PARK, ILLINOIS**

Water Fund (Major Fund)

**Schedule of Operating and Nonoperating Revenues, Operating and Nonoperating Expenses and Transfers - Budget and Actual  
Year Ended April 30, 2011 (With Comparative Actual)**

	2011		Variance Over (Under)	2010 Actual
	Budget	Actual		
<b>Operating Revenues</b>				
Charges for Services	\$ 1,591,220	1,592,479	1,259	1,431,025
Sale of Water Meters	3,000	7,135	4,135	3,186
Other Income	26,900	40,368	13,468	31,056
<b>Total Operating Revenues</b>	<b>1,621,120</b>	<b>1,639,982</b>	<b>18,862</b>	<b>1,465,267</b>
<b>Operating Expenses</b>				
Personnel	356,038	326,156	(29,882)	351,400
Commodities	24,400	20,791	(3,609)	18,671
Water Purchases	444,666	363,872	(80,794)	345,016
Services	398,871	393,444	(5,427)	384,225
Capital Outlay	2,158,000	1,984,397	(173,603)	1,038,800
<b>Total Operating Expenses</b>	<b>3,381,975</b>	<b>3,088,660</b>	<b>(293,315)</b>	<b>2,138,112</b>
<b>Operating Income (Loss)</b>	<b>(1,760,855)</b>	<b>(1,448,678)</b>	<b>312,177</b>	<b>(672,845)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Investment Income	1,600	6,815	5,215	3,157
Rental Income	32,835	32,835		32,835
Tap-on Fees	2,800		(2,800)	2,803
Bond Proceeds	1,750,000	1,729,145	(20,855)	
Debt Principal Payment	(120,172)	(123,813)	(3,641)	(62,110)
Interest Expense	(106,644)	(87,334)	19,310	(29,168)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,560,419</b>	<b>1,557,648</b>	<b>(2,771)</b>	<b>(52,483)</b>
<b>Net Income (Loss) Before Transfers</b>	<b>(200,436)</b>	<b>108,970</b>	<b>309,406</b>	<b>(725,328)</b>
<b>Transfers Out</b>	<b>(10,000)</b>	<b>(10,000)</b>		
<b>Net Income (Loss) (Budgetary Basis)</b>	<b>\$ (210,436)</b>	<b>98,970</b>	<b>309,406</b>	<b>(725,328)</b>
<b>Adjustments to GAAP Basis</b>				
Bond Proceeds		(1,729,145)		
Debt Principal Payment		123,813		62,110
Capitalized Assets		1,984,371		1,038,800
Depreciation		(464,899)		(415,210)
		<u>(85,860)</u>		<u>685,700</u>
<b>Net Income (Loss) - GAAP Basis</b>		<b>13,110</b>		<b>(39,628)</b>
<b>Net Assets</b>				
Beginning		<u>11,797,018</u>		<u>11,836,646</u>
Ending		<u>11,810,128</u>		<u>11,797,018</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

Sewer Maintenance Fund (Major Fund)

Statement of Net Assets  
 April 30, 2011 (With Comparative Prior Year)

	2011	2010
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 446,561	359,783
Accounts Receivable, Net of Allowance for Uncollectible Accounts	50,175	51,069
Intergovernmental Receivable	613	
Prepaid Expenses	6,066	5,860
<b>Total Current Assets</b>	<u>503,415</u>	<u>416,712</u>
<b>Capital Assets</b>		
Capital Assets Being Depreciated, Cost	17,032,384	17,013,734
Less Accumulated Depreciation	(6,141,863)	(5,690,426)
<b>Total Capital Assets</b>	<u>10,890,521</u>	<u>11,323,308</u>
<b>Total Assets</b>	<u>11,393,936</u>	<u>11,740,020</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	8,562	24,460
Wages Payable	2,837	2,122
Accrued Interest	5,350	5,838
Compensated Absences Payable	3,801	2,293
General Obligation Bonds Payable	33,300	30,600
Other Debt Obligations	3,505	
<b>Total Current Liabilities</b>	<u>57,355</u>	<u>65,313</u>
<b>Long-Term Liabilities</b>		
Compensated Absences Payable	3,370	12,995
General Obligation Bonds Payable	301,444	334,744
Other Debt Obligations	13,442	
<b>Total Long-Term Liabilities</b>	<u>318,256</u>	<u>347,739</u>
<b>Total Liabilities</b>	<u>375,611</u>	<u>413,052</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	10,538,830	10,957,964
Unrestricted	479,495	369,004
<b>Total Net Assets</b>	<u>\$ 11,018,325</u>	<u>11,326,968</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

Sewer Maintenance Fund (Major Fund)

Schedule of Operating and Nonoperating Revenues, Operating and Nonoperating Expenses and Transfers - Budget and Actual  
Year Ended April 30, 2011 (With Comparative Actual)

	2011		Variance Over (Under)	2010 Actual
	Budget	Actual		
<b>Operating Revenues</b>				
Charges for Services	\$ 480,987	478,066	(2,921)	462,529
Other Income	2,000	5,551	3,551	2,509
<b>Total Operating Revenues</b>	<b>482,987</b>	<b>483,617</b>	<b>630</b>	<b>465,038</b>
<b>Operating Expenses</b>				
Personnel	176,687	158,318	(18,369)	131,624
Commodities	34,850	30,039	(4,811)	20,813
Services	223,730	163,363	(60,367)	224,643
Capital Outlay	1,000	18,676	17,676	176,336
<b>Total Operating Expenses</b>	<b>436,267</b>	<b>370,396</b>	<b>(65,871)</b>	<b>553,416</b>
<b>Operating Income (Loss)</b>	<b>46,720</b>	<b>113,221</b>	<b>66,501</b>	<b>(88,378)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Investment Income	730	625	(105)	694
Tap-on Fees	38,775	14,814	(23,961)	35,707
Sale of Capital Assets	1,000		(1,000)	
Loan Proceeds		18,650	18,650	
Debt Principal Payment	(33,662)	(32,303)	1,359	(30,600)
Interest Expense	(14,897)	(14,516)	381	(14,397)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(8,054)</b>	<b>(12,730)</b>	<b>(4,676)</b>	<b>(8,596)</b>
<b>Net Income (Loss) Before Transfers</b>	<b>38,666</b>	<b>100,491</b>	<b>61,825</b>	<b>(96,974)</b>
<b>Transfers In</b>	<b>10,000</b>	<b>10,000</b>		
<b>Net Income (Loss) (Budgetary Basis)</b>	<b>\$ 48,666</b>	<b>110,491</b>	<b>61,825</b>	<b>(96,974)</b>
<b>Adjustments to GAAP Basis</b>				
Debt Principal Payment		32,303		30,600
Capitalized Assets		18,650		175,981
Depreciation		(451,437)		(445,860)
Loan Proceeds		(18,650)		
		<b>(419,134)</b>		<b>(239,279)</b>
<b>Net Loss - GAAP Basis</b>		<b>(308,643)</b>		<b>(336,253)</b>
<b>Net Assets</b>				
Beginning		<b>11,326,968</b>		<b>11,663,221</b>
Ending		<b>11,018,325</b>		<b>11,326,968</b>

## **NONMAJOR ENTERPRISE FUND**

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

VILLAGE OF PALOS PARK, ILLINOIS

Commuter Parking Lot Fund (Nonmajor Fund)

Statement of Net Assets

April 30, 2011 (With Comparative Prior Year)

	2011	2010
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 26,279	18,780
Prepaid Expenses	1,106	1,068
Total Current Assets	27,385	19,848
Liabilities		
Current Liabilities		
Accounts Payable	4,453	2,394
Net Assets		
Unrestricted	\$ 22,932	17,454

**VILLAGE OF PALOS PARK, ILLINOIS**

Commuter Parking Lot Fund (Nonmajor)

Schedule of Operating and Nonoperating Revenues, Operating and Nonoperating Expenses and Transfers - Budget and Actual Year Ended April 30, 2011 (With Comparative Actual)

	2011		Variance Over (Under)	2010 Actual
	Budget	Actual		
Operating Revenues				
Charges for Services	\$ 72,000	82,105	10,105	82,303
Operating Expenses				
Commodities	12,000	13,230	1,230	5,047
Services	54,870	58,997	4,127	67,438
Capital Outlay	5,000	4,476	(524)	
Total Operating Expenses	71,870	76,703	4,833	72,485
Operating Income	130	5,402	5,272	9,818
Nonoperating Revenues				
Investment Income	100	76	(24)	43
Net Income	<u>\$ 230</u>	5,478	<u>5,248</u>	9,861
Net Assets				
Beginning		<u>17,454</u>		<u>7,593</u>
Ending		<u>22,932</u>		<u>17,454</u>

**FIDUCIARY FUNDS**

## **TRUST AND AGENCY FUNDS**

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

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

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

VILLAGE OF PALOS PARK, ILLINOIS

Police Pension Fund

Schedule of Changes in Fiduciary Net Assets - Budget and Actual  
Year Ended April 30, 2011 (With Comparative Actual)

	2011		Variance Over (Under)	2010 Actual
	Budget	Actual		
<b>Additions</b>				
Contributions				
Employer	\$ 190,000	194,125	4,125	147,537
Participants	60,000	50,912	(9,088)	62,034
Total Contributions	<u>250,000</u>	<u>245,037</u>	<u>(4,963)</u>	<u>209,571</u>
Investment Income				
Investment Income	50,000	77,912	27,912	94,205
Less Investment Expenses	(5,000)	(6,176)	(1,176)	(5,795)
Total Investment Income	<u>45,000</u>	<u>71,736</u>	<u>26,736</u>	<u>88,410</u>
Total Additions	<u>295,000</u>	<u>316,773</u>	<u>21,773</u>	<u>297,981</u>
<b>Deductions</b>				
Benefits	110,000	116,586	6,586	55,868
Administration	950	2,103	1,153	405
Total Deductions	<u>110,950</u>	<u>118,689</u>	<u>7,739</u>	<u>56,273</u>
Change in Net Assets	<u>\$ 184,050</u>	<u>198,084</u>	<u>29,512</u>	<u>241,708</u>
<b>Net Assets</b>				
Beginning		<u>1,383,325</u>		<u>1,141,617</u>
Ending		<u>1,581,409</u>		<u>1,383,325</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

Agency Funds

Schedule of Changes in Assets and Liabilities  
Year Ended April 30, 2011

	Balances May 1	Additions	Deletions	Balances April 30,
<b>SPECIAL ASSESSMENT FUND #9</b>				
Assets				
Cash and Cash Equivalents	\$ 121,344	43	50	121,337
Liabilities				
Due to Bondholders	\$ 121,344	43	50	121,337
<b>SPECIAL ASSESSMENT FUND #11</b>				
Assets				
Cash and Cash Equivalents	\$ 92,006	33	50	91,989
Liabilities				
Due to Bondholders	\$ 92,006	33	50	91,989
<b>SPECIAL ASSESSMENT FUND #12</b>				
Assets				
Cash and Cash Equivalents	\$ 182,493	65	50	182,508
Liabilities				
Due to Bondholders	\$ 182,493	65	50	182,508
<b>SPECIAL ASSESSMENT FUND #93-1</b>				
Assets				
Cash and Cash Equivalents	\$ 548,638	196	50	548,784
Liabilities				
Due to Bondholders	\$ 548,638	196	50	548,784
<b>SPECIAL ASSESSMENT FUND #96-1A</b>				
Assets				
Cash and Cash Equivalents	\$ 11,196	74,170	16,580	68,786
Liabilities				
Due to Bondholders	\$ 11,196	74,170	16,580	68,786

**VILLAGE OF PALOS PARK, ILLINOIS**

Agency Funds

Schedule of Changes in Assets and Liabilities  
Year Ended April 30, 2011

	Balances May 1	Additions	Deletions	Balances April 30
<b>SPECIAL ASSESSMENT FUND #96-1B</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 165,254	180,221	55,666	289,809
<b>Liabilities</b>				
Due to Bondholders	\$ 165,254	180,221	55,666	289,809
<b>SPECIAL ASSESSMENT FUND #13A</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 374,667	85,144	94,970	364,841
<b>Liabilities</b>				
Due to Bondholders	\$ 374,667	85,144	94,970	364,841
<b>SPECIAL ASSESSMENT FUND #13B</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 847,336	183,958	246,851	784,443
<b>Liabilities</b>				
Due to Bondholders	\$ 847,336	183,958	246,851	784,443
<b>TOTAL ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 2,342,934	523,830	414,267	2,452,497
<b>Liabilities</b>				
Due to Bondholders	\$ 2,342,934	523,830	414,267	2,452,497

**COMPONENT UNIT  
PALOS PARK PUBLIC LIBRARY**

**VILLAGE OF PALOS PARK, ILLINOIS**

Palos Park Public Library - Component Unit

Schedule of Net Assets and  
Governmental Funds Balance Sheet  
April 30, 2011

	General Fund	Adjustments	Statement of Net Assets
<b>Assets</b>			
Cash and Investments	\$ 655,466		655,466
Receivables			
Property Taxes, Net of Allowance for Losses and Costs	216,706		216,706
Grants	4,798		4,798
Capital Assets Not Being Depreciated		10,700	10,700
Capital Assets Being Depreciated, Net of Accumulated Depreciation		204,206	204,206
<b>Total Assets</b>	<b>\$ 876,970</b>	<b>214,906</b>	<b>1,091,876</b>
<b>Liabilities</b>			
Wages Payable	\$ 3,223		3,223
Due to Primary Government	9,469		9,469
Compensated Absences		5,297	5,297
Deferred Revenue	205,486		205,486
<b>Total Liabilities</b>	<b>218,178</b>	<b>5,297</b>	<b>223,475</b>
<b>Fund Balances</b>			
Invested in Capital Assets		214,906	214,906
Reserved for Culture and Recreation	658,792	(5,297)	653,495
<b>Total Fund Balances</b>	<b>658,792</b>	<b>209,609</b>	<b>868,401</b>
<b>Total Liabilities and Fund Balances/Net Assets</b>	<b>\$ 876,970</b>	<b>214,906</b>	<b>1,091,876</b>

**VILLAGE OF PALOS PARK, ILLINOIS**

Palos Park Public Library - Component Unit

Schedule of Revenues, Expenditures and Changes  
in Fund Balance/Net Assets  
Year Ended April 30, 2011

	General Fund	Adjustments	Statement of Net Assets
<b>Revenues</b>			
Property Taxes	\$ 365,926		365,926
Personal Property Replacement Taxes	5,579		5,579
Grants	4,798		4,798
Fees for Service	15,747		15,747
Fines	3,664		3,664
Investment Income	8,835		8,835
Other Income	2,551		2,551
Total Revenues	407,100	-	407,100
<b>Expenditures</b>			
<b>Current</b>			
Culture and Recreation			
Wages	178,997	424	179,421
Fringe Benefits	51,250		51,250
Insurance	8,756		8,756
Contractual Services	92,434		92,434
Commodities	49,452		49,452
Capital Outlay	262		262
Depreciation		11,321	11,321
Total Expenditures	381,151	11,745	392,896
Net Change in Fund Balance/Net Assets	25,949	(11,745)	14,204
<b>Fund Balance/Net Assets</b>			
May 1	632,843	221,354	854,197
April 30	\$ 658,792	209,609	868,401

**VILLAGE OF PALOS PARK, ILLINOIS**

Palos Park Public Library - Component Unit - General Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance  
Year Ended April 30, 2011

	2011		Variance Over (Under)	2010 Actual
	Budget	Actual		
<b>Revenues</b>				
Property Taxes	\$ 370,700	365,926	(4,774)	372,674
Personal Property Replacement Taxes	4,000	5,579	1,579	5,019
Grants	4,700	4,798	98	4,788
Fees for Service	15,800	15,747	(53)	16,323
Fines	3,500	3,664	164	3,396
Investment Income	9,600	8,835	(765)	8,527
Other Income	4,600	2,551	(2,049)	4,033
<b>Total Revenues</b>	<b>412,900</b>	<b>407,100</b>	<b>(5,800)</b>	<b>414,760</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Culture and Recreation</b>				
Wages	195,000	178,997	(16,003)	191,955
Fringe Benefits	53,000	51,250	(1,750)	51,065
Insurance	11,000	8,756	(2,244)	9,563
Contractual Services	103,300	92,434	(10,866)	86,748
Commodities	50,150	49,452	(698)	124,324
Capital Outlay	450	262	(188)	43
<b>Total Expenditures</b>	<b>412,900</b>	<b>381,151</b>	<b>(31,749)</b>	<b>463,698</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>25,949</b>	<b>25,949</b>	<b>(48,938)</b>
<b>Fund Balance/Net Assets</b>				
May 1		<u>632,843</u>		<u>681,781</u>
April 30		<u>658,792</u>		<u>632,843</u>

**SUPPLEMENTAL INFORMATION**

**VILLAGE OF PALOS PARK, ILLINOIS**

Long-Term Debt Requirements

Series 2002 Certificates  
April 30, 2011

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Date of Issue                    March 26, 2002  
Original Principal            \$ 300,000  
Date of Maturity            January 1, 2017  
Interest Rate                1.80% to 5.05%  
Principal Payments        January 1  
Interest Payments        January 1 and July 1  
Financial Institution       Palos Bank and Trust  
   Palos Heights, Illinois

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Year Ending April 30	Principal	Interest	Total
2012	\$ 21,000	6,775	27,775
2013	22,000	5,830	27,830
2014	23,000	4,807	27,807
2015	24,000	3,715	27,715
2016	25,000	2,551	27,551
2017	26,000	1,313	27,313
	<u>\$ 141,000</u>	<u>24,991</u>	<u>165,991</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

Long-Term Debt Requirements

Series 2004 General Obligation Alternate Revenue Bonds  
April 30, 2011

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Date of Issue November 4, 2004  
Original Principal \$ 450,000  
Date of Maturity December 1, 2019  
Interest Rate 1.80% to 4.10%  
Principal Payments December 1  
Interest Payments June 1 and December 1  
Financial Institution Palos Bank and Trust  
Palos Heights, Illinois

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Year Ending April 30	Principal	Interest	Total
2012	\$ 30,000	11,220	41,220
2013	30,000	10,245	40,245
2014	30,000	9,225	39,225
2015	30,000	8,160	38,160
2016	35,000	7,065	42,065
2017	35,000	5,752	40,752
2018	35,000	4,405	39,405
2019	35,000	3,040	38,040
2020	40,000	1,640	41,640
	<u>\$ 300,000</u>	<u>60,752</u>	<u>360,752</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

Long-Term Debt Requirements

Series 2005 General Obligation Alternate Revenue Bonds  
 April 30, 2011

Date of Issue	November 4, 2005
Original Principal	\$ 450,000
Date of Maturity	December 1, 2019
Interest Rate	3.10% to 4.05%
Principal Payments	December 1
Interest Payments	June 1 and December 1
Financial Institution	Palos Bank and Trust Palos Heights, Illinois

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Year Ending April 30	Principal	Interest	Total
2012	\$ 30,000	11,745	41,745
2013	30,000	10,665	40,665
2014	35,000	9,555	44,555
2015	35,000	8,243	43,243
2016	35,000	6,913	41,913
2017	35,000	5,565	40,565
2018	35,000	4,200	39,200
2019	35,000	2,817	37,817
2020	35,000	1,417	36,417
	<u>\$ 305,000</u>	<u>61,120</u>	<u>366,120</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

Long-Term Debt Requirements

Series 2006 Certificates  
 April 30, 2011

Date of Issue                    October 26, 2006  
 Original Principal            \$ 570,000  
 Date of Maturity            December 1, 2025  
 Interest Rate                3.60% to 4.35%  
 Principal Payments        December 1  
 Interest Payments        June 1 and December 1  
 Financial Institution       Palos Bank and Trust  
    Palos Heights, Illinois

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Year Ending April 30	Principal	Interest	Total
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
	<b>\$ 495,000</b>	<b>184,784</b>	<b>679,784</b>

**VILLAGE OF PALOS PARK, ILLINOIS**

Long-Term Debt Requirements

Series 2010 Refunding Certificates

April 30, 2011

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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, Illinois

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Year Ending April 30	Principal	Interest	Total
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
	<u>\$ 855,000</u>	<u>55,625</u>	<u>910,625</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

Long-Term Debt Requirements

Series 2010 General Obligation Alternate Revenue Bonds  
 April 30, 2011

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

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Year Ending April 30	Principal	Interest	Total
2012	\$ 60,000	62,140	122,140
2013	60,000	60,640	120,640
2014	65,000	59,140	124,140
2015	70,000	57,385	127,385
2016	70,000	55,495	125,495
2017	75,000	53,605	128,605
2018	75,000	51,580	126,580
2019	80,000	49,180	129,180
2020	85,000	46,620	131,620
2021	85,000	43,390	128,390
2022	90,000	40,160	130,160
2023	95,000	36,560	131,560
2024	100,000	32,760	132,760
2025	105,000	28,760	133,760
2026	105,000	24,403	129,403
2027	110,000	20,045	130,045
2028	115,000	15,480	130,480
2029	120,000	10,535	130,535
2030	125,000	5,375	130,375
	<u>\$ 1,690,000</u>	<u>753,253</u>	<u>2,443,253</u>

**STATISTICAL SECTION**

# VILLAGE OF PALOS PARK, ILLINOIS

## Statistical Section

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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.

<b><u>CONTENTS</u></b>	<b><u>PAGES</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	<b>97-106</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the Village's most significant local revenue sources, the sales tax and property tax.	<b>107-113</b>
<b>Debt Capacity</b> 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.	<b>114-120</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	<b>121-122</b>
<b>Operating Information</b> 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.	<b>123-127</b>

### *Sources:*

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

## **FINANCIAL TRENDS**

**VILLAGE OF PALOS PARK, ILLINOIS**

Net Assets by Component

Last Seven Fiscal Years

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(See Following Page)

## VILLAGE OF PALOS PARK, ILLINOIS

### Net Assets by Component

#### Last Seven Fiscal Years

Fiscal Year	2011	2010	2009	2008
<b>Governmental Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$ 3,466,820	3,273,865	3,292,655	3,151,308
Restricted	841,928	191,552	127,819	122,866
Unrestricted	1,719,120	1,390,918	1,351,511	1,532,600
<b>Total Governmental Activities Net Assets</b>	<b>\$ 6,027,868</b>	<b>4,856,335</b>	<b>4,771,985</b>	<b>4,806,774</b>
<b>Business-Type Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$ 20,857,596	22,337,788	21,891,367	21,036,524
Unrestricted	1,993,789	803,652	1,616,093	1,807,134
<b>Total Business-type Activities Net Assets</b>	<b>\$ 22,851,385</b>	<b>23,141,440</b>	<b>23,507,460</b>	<b>22,843,658</b>
<b>Primary Government</b>				
Invested in Capital Assets, Net of Related Debt	\$ 24,324,416	25,611,653	25,184,022	24,187,832
Restricted	841,928	191,552	127,819	122,866
Unrestricted	3,712,909	2,194,570	2,967,604	3,339,734
<b>Total Primary Government Net Assets</b>	<b>\$ 28,879,253</b>	<b>27,997,775</b>	<b>28,279,445</b>	<b>27,650,432</b>

Data Source

Audited Financial Statements

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

**VILLAGE OF PALOS PARK, ILLINOIS**

Changes in Net Assets

Last Seven Fiscal Years

Fiscal Year	2011	2010	2009	2008
<b>Expenses</b>				
<b>Governmental Activities</b>				
General Government	\$ 675,072	777,949	791,421	900,666
Public Safety	1,861,070	1,873,156	1,926,213	1,946,030
Public Works	537,325	578,961	530,728	676,962
Building and Public Grounds	568,127	596,335	790,866	681,183
Cultural and Recreation	280,567	309,727	331,727	312,111
Solid Wastes	276,741	263,727	252,592	245,040
Interest	55,392	76,830	102,709	123,393
Total Governmental Activities Expenses	<u>4,254,294</u>	<u>4,476,685</u>	<u>4,726,256</u>	<u>4,885,385</u>
<b>Business-Type Activities</b>				
Water	1,656,522	1,543,690	1,474,896	1,359,605
Sewer	817,699	837,692	849,458	675,554
Commuter System	76,703	72,485	106,159	72,197
Total Business-Type Activities Expenses	<u>2,550,924</u>	<u>2,453,867</u>	<u>2,430,513</u>	<u>2,107,356</u>
Total Primary Government Expenses	<u>\$ 6,805,218</u>	<u>6,930,552</u>	<u>7,156,769</u>	<u>6,992,741</u>
<b>Program Revenues</b>				
<b>Governmental Activities</b>				
<b>Charges for Services</b>				
General Government	\$ 467,002	284,670	311,656	269,615
Public Safety	843,639	319,211	229,111	261,094
Public Works	9,852	4,500		2,884
Building and Public Grounds	230,715	244,904	313,868	563,833
Cultural and Recreation	161,816	172,160	188,003	226,646
Solid Wastes	303,628	274,995	256,041	245,708
Operating Grants and Contributions	154,832	128,535	189,263	159,700
Capital Grants and Contributions		14,020	20,000	
Total Governmental Activities Program Revenues	<u>2,171,484</u>	<u>1,442,995</u>	<u>1,507,942</u>	<u>1,729,480</u>
<b>Business-Type Activities</b>				
<b>Charges for Services</b>				
Water	1,671,072	1,465,267	1,058,410	904,234
Sewer	497,818	465,038	241,071	175,351
Commuter System	82,105	82,303	92,038	92,739
Operating Grants and Contributions	2,358			
Capital Grants and Contributions				2,231,197
Total Business-Type Activities Program Revenues	<u>2,253,353</u>	<u>2,012,608</u>	<u>1,391,519</u>	<u>3,403,521</u>
Total Primary Government Program Revenues	<u>\$ 4,424,837</u>	<u>3,455,603</u>	<u>2,899,461</u>	<u>5,133,001</u>
<b>Net Revenue (Expense)</b>				
Governmental Activities	\$ (2,082,810)	(3,033,690)	(3,218,314)	(3,155,905)
Business-Type Activities	<u>(297,571)</u>	<u>(441,259)</u>	<u>(1,038,994)</u>	<u>1,296,165</u>
Total Primary Government Net Revenue (Expense)	<u>\$ (2,380,381)</u>	<u>(3,474,949)</u>	<u>(4,257,308)</u>	<u>(1,859,740)</u>

2007	2006	2005
892,396	724,948	799,995
1,643,589	1,687,093	1,495,343
550,148	379,832	334,492
642,185	749,496	622,563
314,641	333,239	261,654
235,692	224,678	206,672
115,360	106,592	114,963
4,394,011	4,205,878	3,835,682
1,153,590	1,185,855	1,102,340
573,225	625,027	562,946
99,572	27,900	21,770
1,826,387	1,838,782	1,687,056
6,220,398	6,044,660	5,522,738
288,273	203,115	162,258
196,069	269,785	317,952
574	14,371	682
428,045	329,291	327,062
203,801	207,246	178,288
238,554	227,895	199,865
210,353	400,799	167,812
520,000		
2,085,669	1,652,502	1,353,919
815,765	875,349	834,829
163,623	159,059	120,412
70,801	27,265	27,888
510,000		
1,560,189	1,061,673	983,129
3,645,858	2,714,175	2,337,048
(2,308,342)	(2,553,376)	(2,481,763)
(266,198)	(777,109)	(703,927)
(2,574,540)	(3,330,485)	(3,185,690)

**VILLAGE OF STREAMWOOD, ILLINOIS**

Changes in Net Assets (Cont.)

Last Seven Fiscal Years

Fiscal Year	2011	2010	2009	2008
<b>General Revenues and Other Changes in Net Assets</b>				
<b>Governmental Activities</b>				
Taxes				
Property	1,232,400	1,179,055	1,053,410	1,014,455
Sales	836,166	785,862	858,847	943,390
Income	365,586	372,418	427,237	431,732
Utility	547,238	554,177	620,803	603,983
Other	239,702	179,842	152,995	151,077
Investment Income	13,018	5,403	30,646	65,619
Miscellaneous	20,233	41,283	39,587	80,661
Gain of Sale of Capital Assets				
Contributions				
Total Governmental Activities	3,254,343	3,118,040	3,183,525	3,290,917
<b>Business-Type Activities</b>				
Investment Income	7,516	3,894	30,254	87,519
Miscellaneous		71,345	136,228	152,630
Total Business-Type Activities	7,516	75,239	166,482	240,149
<b>Total Primary Government</b>	<b>\$ 3,261,859</b>	<b>3,193,279</b>	<b>3,350,007</b>	<b>3,531,066</b>
<b>Change in Net Assets</b>				
Governmental Activities	\$ 1,171,533	84,350	(34,789)	135,012
Business-Type Activities	(290,055)	(366,020)	(872,512)	1,536,314
Total Primary Government Change in Net Assets	<b>\$ 881,478</b>	<b>(281,670)</b>	<b>(907,301)</b>	<b>1,671,326</b>

Data Source

Audited Financial Statements

2007	2006	2005
956,234	899,096	863,244
890,588	849,185	686,106
395,205	358,296	317,444
558,092	654,620	569,752
147,006	187,788	182,782
90,893	48,715	29,452
59,050	62,566	42,970
	8,297	11,461
		7,005
<u>3,097,068</u>	<u>3,068,563</u>	<u>2,710,216</u>
93,701	50,846	22,684
487,492	305,825	355,993
<u>581,193</u>	<u>356,671</u>	<u>378,677</u>
<u>3,678,261</u>	<u>3,425,234</u>	<u>3,088,893</u>
788,726	515,187	228,453
<u>314,995</u>	<u>(420,438)</u>	<u>(325,250)</u>
<u>1,103,721</u>	<u>94,749</u>	<u>(96,797)</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

Fund Balances of Governmental Funds

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund				
Reserved	\$ 60,215	58,168	53,247	81,614
Unreserved	1,123,958	922,908	1,017,976	1,181,635
Total General Fund	1,184,173	981,076	1,071,223	1,263,249
All Other Governmental Funds				
Reserved	841,928	195,372	127,819	122,866
Unreserved				
Special Revenue Funds	48,281	90,143	150,721	136,550
Capital Projects Funds	635,138	491,926	413,848	464,760
Total All Other Governmental Funds	1,525,347	777,441	692,388	724,176
Total Governmental Funds	\$ 2,709,520	1,758,517	1,763,611	1,987,425

Data Source

Audited Financial Statements

2007	2006	2005	2004	2003	2002
40,754	39,324	65,256	56,087	79,703	16,644
1,329,466	1,326,285	1,321,404	1,382,425	1,253,352	1,030,031
1,370,220	1,365,609	1,386,660	1,438,512	1,333,055	1,046,675
150,945	142,385	145,325	307,717	163,510	
127,168	145,173	144,606	92,026	109,731	170,251
387,106	297,920	201,989	51,442	(313,024)	(116,733)
665,219	585,478	491,920	451,185	(39,783)	53,518
2,035,439	1,951,087	1,878,580	1,889,697	1,293,272	1,100,193

**VILLAGE OF PALOS PARK, ILLINOIS**

Changes in Fund Balances of Government Funds

Last Ten Fiscal Years

Fiscal Year	2011	2010	2009	2008	2007
<b>Revenues</b>					
Taxes	\$ 3,221,092	3,071,354	3,113,292	3,144,638	2,947,124
Licenses and Permits	471,279	467,581	482,959	653,044	505,647
Intergovernmental	163,410	147,732	217,936	159,700	210,353
Charges for Services	40,464	50,405	79,528	98,185	141,641
Fees by Agreement	652,044	619,316	609,133	620,443	596,859
Fines and Forfeitures	844,287	154,210	110,902	187,507	111,170
Grants					
Investment Income	13,018	5,403	30,646	65,619	90,893
Miscellaneous	20,233	35,034	47,071	91,261	59,050
<b>Total Revenues</b>	<b>5,425,827</b>	<b>4,551,035</b>	<b>4,691,467</b>	<b>5,020,397</b>	<b>4,662,737</b>
<b>Expenditures</b>					
<b>Current</b>					
General Government (Administration)	674,934	736,570	712,090	808,306	776,445
Public Affairs					
Public Safety (Police)	1,863,219	1,789,273	1,873,619	1,871,600	1,605,648
Public Works	509,153	533,843	553,425	524,083	403,892
Building					
Building and Public Grounds	568,127	593,998	779,371	661,585	637,357
Culture and Recreation	272,696	301,616	309,125	304,706	290,774
Public Grounds					
Finance					
Solid Waste	276,741	263,727	252,592	245,040	235,692
Other					
Capital Outlay	34,015	23,157	120,288	239,689	911,786
<b>Debt Service</b>					
Principal Retirement	258,555	282,279	282,256	293,506	271,192
Interest and Other Charges	54,684	97,141	106,693	123,135	115,774
<b>Total Expenditures</b>	<b>4,512,124</b>	<b>4,621,604</b>	<b>4,989,459</b>	<b>5,071,650</b>	<b>5,248,560</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>913,703</b>	<b>(70,569)</b>	<b>(297,992)</b>	<b>(51,253)</b>	<b>(585,823)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	171,182	266,116	132,072	122,358	60,200
Proceeds from Sale of Capital Assets		1,259	42,862	3,239	16,576
Installment Contracts Issued		1,085,000	31,316		653,599
Premium/Discount on Installment Contracts		12,207			
Capital Lease Issued	37,300				
Payment to Escrow Agent		(1,032,991)			
Transfers Out	(171,182)	(266,116)	(132,072)	(122,358)	(60,200)
<b>Total Other Financing Sources (Uses)</b>	<b>37,300</b>	<b>65,475</b>	<b>74,178</b>	<b>3,239</b>	<b>670,175</b>
<b>Net Change in Fund Balance</b>	<b>\$ 951,003</b>	<b>(5,094)</b>	<b>(223,814)</b>	<b>(48,014)</b>	<b>84,352</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>6.99%</b>	<b>8.25%</b>	<b>8.02%</b>	<b>8.40%</b>	<b>8.54%</b>

Data Source

Audited Financial Statements

2006	2005	2004	2003	2002
2,907,333	2,563,659	2,344,198	2,442,313	2,343,053
415,187	389,771	292,189	285,021	317,436
400,799	167,812	193,442		
148,983	159,928	104,510	171,420	153,804
541,766	442,099	404,099	208,383	232,500
181,181	231,214	116,997	61,577	83,962
			313,880	333,495
48,721	29,450	10,421	19,449	39,203
68,798	73,197	403,751	289,600	600,206
4,712,768	4,057,130	3,869,607	3,791,643	4,103,659
752,113	723,405	490,377	479,057	515,721
		56,664	23,980	27,687
1,630,788	1,463,156	1,339,684	1,310,467	1,306,520
409,751	346,111	319,494	294,204	477,751
		227,452	179,003	185,931
719,372	512,704			
325,699	255,021	227,598	249,015	215,334
		86,916	73,542	69,303
		175,206	170,481	144,037
224,678	206,672	184,618	178,676	173,932
		1,380		1,779,365
349,064	109,859	251,323	664,121	
252,000	36,000	91,278	119,384	151,579
107,006	107,602	109,156	99,394	138,774
4,770,471	3,760,530	3,561,146	3,841,324	5,185,934
(57,703)	296,600	308,461	(49,681)	(1,082,275)
89,973	250,000	127,000	501,520	398,476
17,281			2,250	6,716
109,429				418,794
				43,623
(89,973)	(250,000)	(50,000)	(424,520)	(302,388)
126,710	-	77,000	79,250	565,221
69,007	296,600	385,461	29,569	(517,054)
8.12%	3.93%	6.00%	6.89%	5.60%

**REVENUE CAPACITY**

**VILLAGE OF PALOS PARK, ILLINOIS**

Assessed Value and Actual Value of Taxable Property

Last Ten Levy Years

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(See Following Page)

**VILLAGE OF PALOS PARK, ILLINOIS**

Assessed Value and Actual Value of Taxable Property

Last Ten Levy Years

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

*Notes:*

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

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

Data Source

Office of the County Clerk

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

**VILLAGE OF PALOS PARK, ILLINOIS**

Direct and Overlapping Property Tax Rates

Last Ten Levy Years

Levy Year	Village Direct Rates				Total Direct Tax Rate
	General	Police Protection	Police Pension	IMRF	
2010 <sup>(3)</sup>	0.318	0.041		0.032	0.391
2009	0.314	0.038		0.030	0.382
2008	0.278	0.040	0.052	0.032	0.402
2007	0.297	0.045	0.058	0.035	0.435
2006	0.306	0.045	0.059	0.035	0.445
2005	0.298	0.044	0.057	0.034	0.433
2004	0.337	0.050	0.065	0.039	0.491
2003	0.335	0.052	0.083	0.042	0.513
2002	0.364	0.048		0.075	0.486
2001	0.451	0.061		0.095	0.606

*Notes:*

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

<sup>(1)</sup> 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.

<sup>(2)</sup> Only some Village residents are within the S. Palos Sanitary District.

<sup>(3)</sup> The rates for levy year 2010 for many overlapping rates are not available at press time.

Data Source

Office of the County Clerk

Overlapping Debt <sup>(1)</sup>

School Districts	Library	County	Fire Protection District	Township	S. Palos Sanitary District <sup>(2)</sup>	MWRD
N/A	0.126	N/A	N/A	N/A	N/A	N/A
3.994	0.123	0.473	0.544	0.075	0.258	0.261
4.100	0.128	0.475	0.511	0.075	0.276	0.252
4.486	0.138	0.511	0.545	0.079	0.177	0.263
4.630	0.142	0.569	0.598	0.079	0.232	2.840
3.493	0.138	0.622	0.586	0.075	0.233	0.315
5.140	0.160	0.666	0.667	0.085	0.268	0.347
5.221	0.163	0.735	0.686	0.088	0.265	0.361
5.058	0.158	0.768	0.665	0.084	0.256	0.371
6.052	0.198	0.867	0.816	0.098	0.315	0.401

**VILLAGE OF PALOS PARK, ILLINOIS**

Principal Property Taxpayers

Current Fiscal Year and Eleven Years Ago

Taxpayer	Type of Business	2011		Percentage of Total Equalized Assessed Valuation
		Equalized Assessed Valuation*	Rank	
IRC	Supermarket	\$ 9,615,368	1	3.19 %
Sunrise Senior Living	Commercial Property with Special Improvements	6,915,601	2	2.29
James Marth	Shopping Center (Mill Creek Center)	3,028,582	3	1.00
Walgreens	One-Story Store	2,888,945	4	0.96
Gas City Limited	Gasoline Station	1,545,869	5	0.51
Inter Cont'l 131st Palos Park	Shopping Center			
Shell Oil Company	Gasoline Station	1,047,109	6	0.35
SBC Ameritech	Phone Utility			
Taxpayer	Residence	931,831	7	0.31
Taxpayer	Residence	927,538	8	0.31
Taxpayer	Residence	868,627	9	0.29
Taxpayer	Residence	829,956	10	0.28
John T. Moya	Shopping Center			
Commonwealth Edison Co.	Electric Utility			
Palos Country Club	Palos Country Club			
Alliance Shippers Inc.	Commercial Condo Units			
Alfredo Veltri	Shopping Center (Palos Park Plaza)			
		<u>\$ 28,599,426</u>		<u>9.48 %</u>

\*Most recent data available.

Note:

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

Data Source

Office of County Clerk

2000		
Equalized Assessed Valuation	Rank	Percentage of Total Equalized Assessed Valuation
6,184,070	1	5.52 %
786,768	6	0.70
739,844	7	0.66
730,001	9	0.65
811,631	5	0.72
1,967,803	2	1.76
1,111,295	3	0.99
998,297	4	0.89
737,041	8	0.66
598,628	10	0.53
<u>14,665,378</u>		<u>13.08 %</u>

**VILLAGE OF PALOS PARK, ILLINOIS**

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended April 30	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 1,221,886	560,614	45.88 %	N/A	560,614	45.88 %
2010	1,129,915	510,898	45.22	618,452	1,129,350	99.95
2009	1,098,709	567,862	51.68	514,807	1,082,669	98.54
2008	1,015,072	483,740	47.66	530,443	1,014,183	99.91
2007	979,709	403,365	41.17	611,090	1,014,455	103.55
2006	925,966	441,027	47.63	479,332	920,359	99.39
2005	866,872	358,504	41.36	509,995	868,499	100.19
2004	839,186	276,747	32.98	565,457	842,204	100.36
2003	808,046	387,146	47.91	424,191	811,337	100.41
2002*	779,719				785,051	100.68

\*Data for tax payment collections in subsequent years is unknown; data for total collections to date is derived from prior annual reports.

*Notes:*

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

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

Data Source

Office of the Cook County Treasurer's Office  
[www.tae.cookcountytreasurer.com](http://www.tae.cookcountytreasurer.com)

**DEBT CAPACITY**

**VILLAGE OF PALOS PARK, ILLINOIS**

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

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(See Following Page)

**VILLAGE OF PALOS PARK, ILLINOIS**

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government
	General Obligation Bonds	Installment Notes Payable	Capital Leases	General Obligation Bonds	Installment Notes Payable	Public Benefit Debt	
2011	\$	1,558,443		605,000		283,201	2,446,644
2010		1,779,698		660,000		320,912	2,760,610
2009		2,006,977		715,000		358,622	3,080,599
2008		2,257,917		770,000		396,332	3,424,249
2007		2,551,423		825,000	12,497	434,042	3,822,962
2006		2,726,227		875,000	24,995	624,012	4,250,234
2005		3,007,295		450,000		685,574	4,142,869
2004	450,000	3,150,296				748,872	4,349,168
2003		3,348,301		344,962		N/A	3,693,263
2002	7,137,342	3,545,281	31,292	359,588	350,672	N/A	11,424,175

Notes:

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

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

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Percentage of Personal Income*	Debt per Capita*
0.67%	512
0.75%	589
0.84%	657
1.34%	730
1.34%	815
1.23%	906
1.17%	884
1.06%	928
1.00%	788
1.17%	2,436

**VILLAGE OF PALOS PARK, ILLINOIS**

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

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Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property*	Per Capita
2011	\$ 605,000	0.07 %	125
2010	660,000	.08	141
2009	715,000	0.10	152
2008	770,000	0.12	164
2007	825,000	0.13	176
2006	875,000	0.17	187
2005	450,000	0.09	96
2004	450,000	0.09	
2003			
2002	7,137,342	1.97	1,522

*Notes:*

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

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

**VILLAGE OF PALOS PARK, ILLINOIS**

Direct and Overlapping General Obligation Bonded Debt

April 30, 2011

Governmental Unit	2009 Equalized Assessed Valuation <sup>(1)</sup>	Outstanding Bonds	Applicable to Village	
			Amount	Percent <sup>(2)</sup>
<b>Direct Debt</b>				
Village of Palos Park	\$ 295,789,339	(2)		100.000 %
<b>Overlapping Debt</b>				
Cook County	178,070,594,272	3,499,615,000	5,809,361	0.166
Cook County Forest Preserve District	178,070,594,272	101,935,000	169,212	0.166
Metropolitan Water Reclamation District	174,467,642,684	1,945,659,620 <sup>(3)</sup>	3,307,621	0.170
South Palos Twp. Sanitary District	75,627,559	854,000	49,925	5.846
Lemont Park District	1,064,762,325	15,455,000	1,082	0.007
Lemont Township	1,011,849,637	6,735,000	471	0.007
<b>School Districts</b>				
Combined SD 113A	1,309,485,138	16,592,974 <sup>(4)</sup>	830	0.005
Community Consolidated School District #118	1,051,723,562	4,510,000	1,267,896	28.113
Lemont High School District #210	1,324,342,587	48,942,412 <sup>(4)</sup>	2,447	0.005
High School District #230	6,021,964,673	68,525,000	3,363,892	4.909
Community College #524	12,889,581,841	78,850,000	1,811,185	2.297
Community College #525	24,307,933,404	89,000,000 <sup>(2)</sup>		
			<u>15,783,922</u>	
<b>Total Direct and Overlapping General Obligation Bonded Debt</b>			<u><u>15,783,922</u></u>	

Notes:

- (1) Most recent values available as of August 31, 2011.
- (2) Excludes principal amounts of outstanding General Obligation Alternate Revenue Source Bonds.
- (3) Includes IEPA Revolving Loan Fund Bonds.
- (4) Includes original principal amounts of outstanding General Obligation Capital Appreciation Bonds.

Data Source

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

**VILLAGE OF PALOS PARK, ILLINOIS**

Legal Debt Margin Information

Last Ten Fiscal Years

Fiscal Year	2011	2010	2009	2008
Legal Debt Limit	\$ 25,511,830	23,611,027	22,796,927	20,145,035
Total Net Debt Applicable to Limit	605,000	660,000	715,000	770,000
Legal Debt Margin	\$ 24,906,830	22,951,027	22,081,927	19,375,035
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2%	3%	3%	4%

Legal Debt Margin Calculation for Fiscal 2011

Assessed Value	\$ 295,789,339
Legal Debt Margin	8.625%
Debt Limit	25,511,830
Debt Applicable to Limit General Obligation Bonds	605,000
Legal Debt Margin	\$ 24,906,830

Notes:

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

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

2007	2006	2005	2004	2003	2002
18,946,163	18,450,976	15,202,530	14,423,788	14,329,731	11,115,228
825,000	875,000	450,000		7,137,342	7,797,404
18,121,163	17,575,976	14,752,530	14,423,788	7,192,389	3,317,824
4%	5%	3%	0%	50%	70%

**VILLAGE OF PALOS PARK, ILLINOIS**

Pledged Revenue Coverage

Last Ten Fiscal Years

Fiscal Year	Water/Sewer Revenue Bonds					Coverage
	Water Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2011	\$ 2,176,330	1,456,035	720,295	156,116	101,850	2.79
2010	2,005,501	1,476,747	528,754	92,710	43,565	3.88
2009	1,460,236	1,434,908	25,328	92,710	43,771	0.19
2008	1,316,694	1,146,424	170,270	101,433	52,320	1.11
2007	1,619,004	897,765	721,239	103,833	53,221	4.59
2006	1,473,251	1,247,111	226,140	62,710	39,811	2.21
2005	1,501,420	1,190,650	310,770	37,710	25,588	4.91
2004	1,076,176	1,280,283	(204,107)	32,500	19,962	
2003	1,164,628	1,233,962	(69,334)	325,000	40,301	
2002	1,092,077	1,131,259	(39,182)	313,653	58,600	

*Notes:*

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

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

Operating expenses do not include interest or depreciation.

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

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

## VILLAGE OF PALOS PARK, ILLINOIS

### Demographic and Economic Statistics

#### Last Ten Fiscal Years

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Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2011	4,847	\$ 367,852,050	88,628	8.70%
2010	4,689	367,852,050	78,450	11.20%
2009	4,689	367,852,050	78,450	9.60%
2008	4,689	367,852,050	78,450	6.20%
2007	4,689	367,852,050	78,450	4.30%
2006	4,689	367,852,050	78,450	4.40%
2005	4,689	367,852,050	78,450	6.00%
2004	4,689	367,852,050	78,450	6.30%
2003	4,689	367,852,050	78,450	6.90%
2002	4,689	367,852,050	78,450	6.90%

#### Data Source

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

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

**VILLAGE OF PALOS PARK, ILLINOIS**

Principal Employers

Fiscal Years 2008 and 1999

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

*Note:*

2008 is most recent information available.

## **OPERATING INFORMATION**

**VILLAGE OF PALOS PARK, ILLINOIS**

Full-Time Equivalent Employees

Last Ten Fiscal Years

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>GENERAL GOVERNMENT</b>										
Administration	4.3	4.3	5.3	5.3	5.3	5.0	5.5	5.5	4.5	4.5
Building and Zoning	3.5	3.5	3.5	4.0	3.6	3.0	3.0	2.0	2.0	2.0
Finance	2.0	2.0	3.3	3.0	3.0	3.1	3.1	2.1	2.1	1.5
Police										
Officers FT	9.0	1.0	10.0	10.0	10.0	11.0	10.0	10.0	11.0	11.0
Officers PT	22.0	20.0	16.0	15.0	15.0	14.0	12.0	12.0	20.0	22.0
Civilians	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.3
Public Works										
Water Department	4.6	4.6	4.6	4.3	3.9	2.3	2.3	2.8	2.3	2.3
Sewer Department	1.4	1.4	1.4	1.6	1.3	1.3	1.3	1.3	1.3	1.3
Street Maintenance	4.5	4.5	5.0	4.4	3.1	3.1	2.3	2.5	2.3	2.3
Recreation	2.5	3.5	3.5	3.5	3.5	3.5	3.0	2.8	2.4	2.0

Data Source

Village Finance Department Payroll

**VILLAGE OF PALOS PARK, ILLINOIS**

Operating Indicators

Last Ten Fiscal Years

Function/Program	2011	2010	2009	2008	2007	2006
<b>PUBLIC SAFETY</b>						
Police <sup>(1)</sup>	217	170	242	285	251	333
Physical Arrests	1,307	1,209	1,573	1,757	4	994
Parking Violations	1,383	1,213	1,570	1,711	3	1,674
Traffic Violations						
<b>PUBLIC WORKS</b>						
Streets Resurfacing (Miles)		0.25	1.01	1.01	1.01	1.60
Pothole Repairs	75-150	50-75	75-100	75-120	50-75	50-75
					4	
<b>WATER</b>						
New Connections	6	8	7	27	3	42
Water Main Breaks	2	2	15	12	4	10
Average Daily Consumption <sup>(2)</sup>	404,000	416,134	489,000	427,827	389,884	472,000
Peak Demand	906,000	850,000	837,000	987,000	1,015,000	980,000

*Notes:*

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

<sup>(2)</sup> Average gallons per day.

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

Data Source

Appropriate Village Departmental Directors

2005	2004	2003	2002
361	431	239	133
808	694	1,257	1,559
1,611	2,145	2,524	2,071
1.00	2.00	1.19	1.92
50-75	50-75	50-75	50-75
25	25	31	145
14	10	11	9
538,000	483,000	465,000	478,000
963,000	910,000	935,000	901,000

**VILLAGE OF PALOS PARK, ILLINOIS**

Capital Asset Statistics

Last Ten Fiscal Years

Function/Program	2011	2010	2009	2008	2007	2006
<b>PUBLIC SAFETY</b>						
Police						
Stations	1	1	1	1	4	1
Patrol Units	8	8	7	8	3	7
<b>PUBLIC WORKS</b>						
Residential Streets (Miles)	14.70	14.70	14.70	14.70	14.70	14.70
<b>WATER</b>						
Water Mains (Miles)	52.24	52.24	51.08	50.58	3.90	50.58
Fire Hydrants	730	730	730	726	1	722
Storage Capacity (Gallons)	1,300,000	800,000	800,000	800,000	3	800,000
					3.5	
<b>WASTEWATER</b>						
Sanitary Sewers (Miles)	39.37	39.37	39.37	39.27	39.27	39.27
Storm Sewers (Miles)	7.67	7.67	7.67	7.67	7.67	7.48

*Note:*

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

Data Source

Appropriate Village Departmental Directors

2005	2004	2003	2002
1 7	1 7	1 7	1 6
14.70	14.70	14.70	14.70
50.58 716 800,000	50.31 716 800,000	49.99 700 800,000	49.99 697 800,000
38.70 7.29	38.70 7.18	37.75 7.06	17.60 6.92